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## Memo Stirs Doubts On Bush Statements On Contra Supplies

By David Hoffman  
and Walter Pincus  
Washington Post Service

WASHINGTON — A briefing memorandum prepared for Vice President George Bush last year and that a former CIA agent was to meet with him about the secret network to supply the Nicaraguan rebels at a time when Congress had barred military aid to the rebels, according to documents made public Tuesday.

Mr. Bush, the front-runner for the Republican presidential nomination, has said he never talked with the former agent, Felix Rodriguez, about the clandestine effort to supply the rebels, or contras. He has said the subject did not come up at their meeting in Mr. Bush's office on May 1, 1986.

On Tuesday, for the first time, documents and sworn depositions made public by the congressional committee investigating the Iran-contra affair directly contradicted the statements by Mr. Bush and his staff that they did not know Mr. Rodriguez's activities.

The documents also show that a chronology published last December by the vice president's office, which Mr. Bush said was "full disclosure," was misleading and omitted key details about contacts with Mr. Rodriguez.

Officials said Tuesday that there was another document also casting doubt on statements by Donald P. Gregg, a former CIA agent and Mr. Bush's national security adviser, that he had not discussed the contras with Mr. Rodriguez until August 1986.

The officials said there was a memorandum written by Colonel Samuel J. Watson, a national security aide to Mr. Bush, in January 1986 after a visit to contra camps in Honduras in which the colonel referred to supply problems faced by the contras. The officials said Mr. Gregg wrote in longhand in the margin, "Felix would agree with this."

Mr. Rodriguez, a veteran of the Bay of Pigs, has said he is a close friend of Mr. Gregg. Mr. Rodriguez was sent to El Salvador in 1985 with assistance from Mr. Gregg and Vice President Bush to help the Salvadoran Air Force fight leftist insurgents there.

Documents and testimony from the Iran-contra hearings have shown that Mr. Rodriguez was also recruited by Lieutenant Colonel Oliver L. North, then on the National Security Council staff, to help in the secret contra supply missions, working from the El Estero air base near San Salvador.

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George Bush

## The Two Kims: Only Name and Goal Are Same

By Clyde Haberman  
New York Times Service

SEOUL — They are nearly always lumped together as the two Kims, but they could not be more different.

Kim Dae Jung, the one better known to non-Koreans, is an intense man of humble background, mildly ascetic in manner. Kim Young Sam, by contrast, is an easygoing man born to comfort, unabashed in his enjoyment of a good meal and pleasant surroundings.

Kim Dae Jung is a political theorist and stem-winding orator. Kim Young Sam is a political pragmatist and backroom deal-maker. Kim Dae Jung has a penchant for inflammatory remarks that set the country's military-installed government to fidgeting. Kim Young Sam watches his words carefully and tries to avoid provocation.

About all that they share is the same surname — that, and a decades-old desire to become president, which has been rekindled once again and threatens to add new divisiveness to South Korea's already unsettled politics.

For opposition forces, a full-scale rivalry that has broken out between the two Kims and their factions is a worrisome development as they look to oust the present government in presidential elections to be held in December.

The ruling Democratic Justice Party has settled without debate on its candidate, Roh Tae Woo. The main opposition group, the Renovation Democratic Party, is sure to pick one of the Kims. But which one will be chosen is unclear, and as time passes the competition between them grows more intense and the nastiness between their factions more obvious.

Both men insist — with a trace of weariness as the question arises for the 1,000th time — that despite their ambitions they will unite behind a single candidate, no matter which Kim it turns out to be.

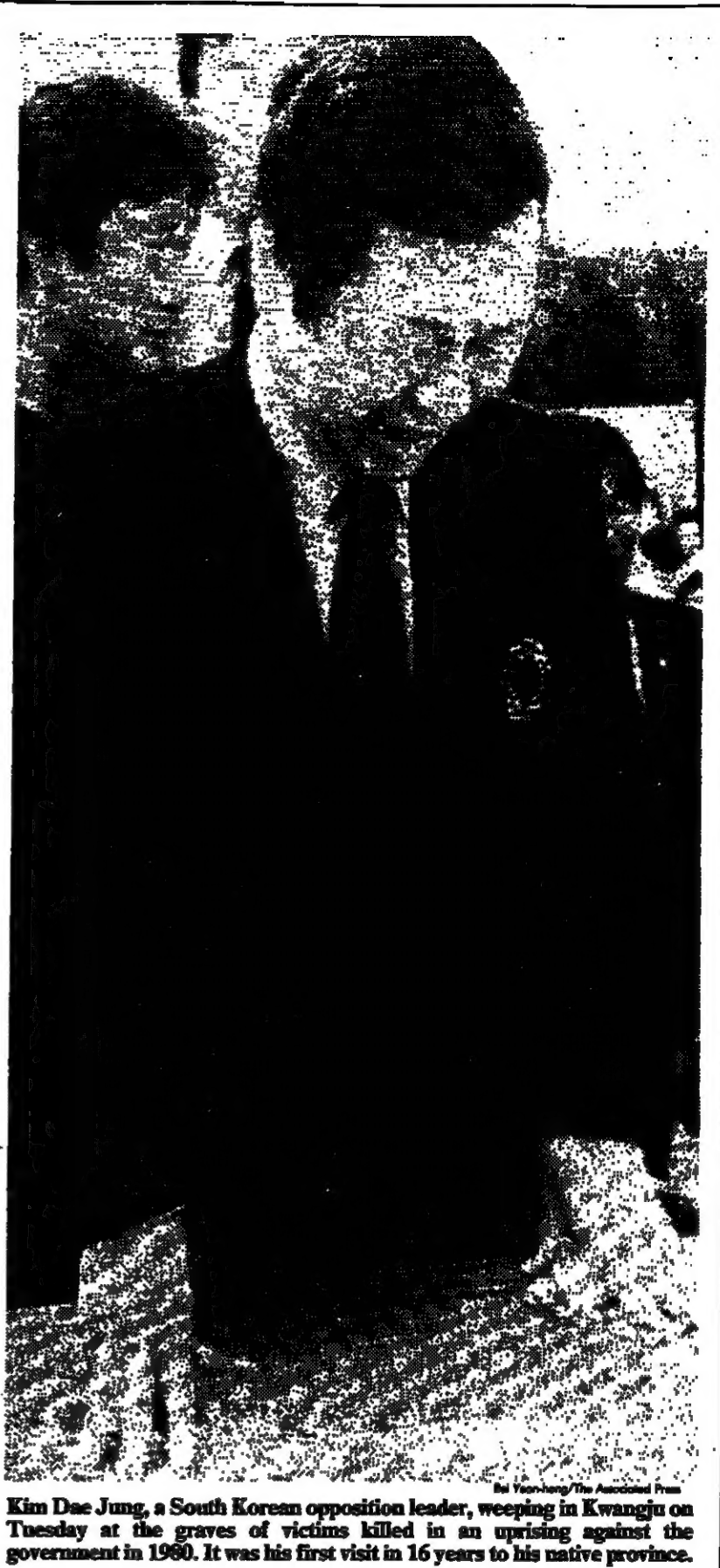
The Kims have been the political opposition's dominant figures for more than 20 years. Their rivalry is deeply rooted. In 1980, after the assassination of President Park Chung Hee, the fractiousness turned to disaster. Military men led by General Chun Doo Hwan, who is now president, used the squabbling as an excuse to stage a coup, and then to curtail personal liberties and political freedom drastically.

Now, as genuine presidential elections are about to be held for the first time in 16 years, the Kims insist that they are not about to repeat mistakes of the past.

But old ways die hard. Many Koreans, especially in the opposition, worry that both men may choose in the end to run. That, dissidents fear, would lead to a ruinous split in the anti-government vote and allow Mr. Roh to sail easily to power, assuming that the military does not tire of it all and step in before an election can even be held.

Privately, senior people on Kim Young Sam's side let outsiders know that they do not think Kim Dae Jung could be elected, or even nominated.

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Kim Dae Jung, a South Korean opposition leader, weeping in Kwangju on Tuesday at the graves of victims killed in an uprising against the government in 1980. It was his first visit in 16 years to his native province.

## Iraq Ends 3-Day Lull In Gulf

Planes Attack  
2 Targets Near  
Kharg Island

Compiled by Our Staff From Dispatches

BAGHDAD — Iraq broke a three-day lull in attacks on Gulf shipping with an air strike Tuesday night on two "large naval targets," its term for oil tankers or merchant ships, a military spokesman said.

The spokesman said the aircraft had attacked the vessels at the waiting area east of Iran's main oil terminal at Kharg Island and had returned safely to base after scoring an "accurate and effective hit."

Iraq's last reported attacks had been against two vessels on Saturday. Iraq has not hit a shipping target since Friday, according to shipping executives.

Information Minister Latif Nassif al-Jassim told a news conference that Iraq would hit Iranian oil and economic installations until Tehran accepted a United Nations Security Council resolution, adopted July 20, calling for a cease-fire in the Gulf war.

The Iraqi attack put an end to expectations by diplomats in Baghdad that Iraq would hold off its raids on Iranian oil routes and shipping in the Gulf during an upcoming visit by the UN secretary-general, Javier Perez de Cuellar, to seek a truce implementing the UN resolution.

A UN spokesman said Mr. Perez de Cuellar will not set the exact dates for the mission but expected to leave later this week.

Earlier, 12 Japanese or Japanese-manufactured ships sailed into the Gulf, ending a five-day suspension of Japanese shipping.

The suspension began after a Japanese tanker was attacked last Wednesday, reportedly by Iran's Revolutionary Guards.

Japanese seamen and shipowners lifted the suspension on Gulf shipping after contacts with Iranian and Iraqi diplomats to try to ensure the safety of their vessels.

In Moscow, the Soviet Union and Iran joined in condemning the "imperialist" U.S. presence in the Gulf and called for the removal of all foreign naval ships.

The statement came during a meeting between the Soviet foreign minister, Eduard A. Shevardnadze, and the Iranian deputy foreign minister, Mohammad Larjani.

A Foreign Ministry spokesman, Gennadi I. Gerasimov, said at a news conference that the meeting was of "major importance" to the Kremlin, a point emphasized by the high-level access given the relatively junior Iranian official.

Kuwait's foreign minister, Sheikh Sabah al-Ahmed al-Sabah, arrived in Moscow on Tuesday leading an Arab League delegation for talks with top Soviet officials, Arab sources said.

The delegation also included the Arab League's secretary-general, Cheddi Kibbi, and Iraq's foreign minister, Tariq Aziz.

They were to meet Prime Minister Nikolai I. Ryzhkov and Mr. Shevardnadze on Wednesday.

In Washington, a senior defense official said that the increased U.S. military presence in the Gulf had cost nearly \$70 million this year and that the Pentagon was planning to ask Congress for extra money to maintain the force.

Deputy Defense Secretary William H. Taft 4th said the military presence in the Gulf region, where 28 U.S. Navy ships are now stationed, was costing between \$15 million and \$20 million a month above the normal operational cost for such equipment.

(AP, Reuters, UPI)

## Argentina's Political Landscape Shifts Opposition Gains May Force Alfonsín to Reshape Policy

By Bradley Graham  
Washington Post Service

BUENOS AIRES — The stunning resurgence of Peronism and the blow dealt President Radil Alfonsín's centrist party in this week's national elections have shifted the political landscape into a new period of political uncertainty.

But politicians and commentators said that the democratic process had been strengthened by the vote, which gave greater stakes in the system to the opposition — both the reformed center-left Peronist movement and the small center-right Democratic Center Union.

Despite policy differences between the country's two main political groups, there were indications that Mr. Alfonsín's Radical Civic Union might seek some form of coalition with the newly reinvigorated Peronists.

Antonio Troccoli, minister of the interior and a veteran Radical politician, said Monday that the Peronists would "share in the administration."

But as the parties look toward presidential elections in 1989, it is unclear whether the Peronists really want a power-sharing arrangement or whether the Radicals would accede to the opposition's conditions.

"I think it's unlikely we'll join the government," said Guido di Tella, a senior Peronist economist elected to Congress. "We'll put forward conditions that would make it impractical."

Instead, Mr. di Tella predicted, Mr. Alfonsín may try to form a political alliance with center-right parties, although the tightening of economic measures that probably would entail is also fraught with political risks.

The scope of the Peronist victory had not been foreseen by opinion surveys.

The pro-labor movement captured more than two-thirds of the country's 22 governorships and substantially increased its representation in Congress at the expense of Mr. Alfonsín's Radical Civic Union.

The Radicals lost their absolute majority in the lower house. With this sudden redrawing of Argentina's political map, Mr. Alfonsín was under pressure to revamp his nearly four-year-old government, especially its economic policy.

The Argentine leader spent the day with senior ministers and political advisers. Local news agencies reported later that all ministers had submitted their resignations for the president's consideration.

There was broad agreement among members of Mr. Alfonsín's party and opposition leaders that the election results showed discontent with the government's economic management. The Peronist victor, Antonio Cafiero, called it a "punishment vote."

Monthly inflation figures have jumped into the double-digit range in recent weeks for the first time since mid-1985. Real incomes are eroding, and the national trade imbalance has widened.

Peronist leaders, closely aligned with the country's powerful labor unions, have been demanding a halt to interest payments on Argentina's \$54 billion foreign debt, saying that the funds should be spent on social programs, public works and industrial development. Mr. Alfonsín's four-party coalition had

See ARGENTINA, Page 7

## Danish Left Gains but Appears Short Of a Majority in Early Poll Results

Compiled by Our Staff From Dispatches

COPENHAGEN — Denmark's socialist opposition parties made gains in Tuesday's general election but seemed to be falling short of the parliamentary majority needed to topple the center-right coalition of Prime Minister Poul Schlüter.

With 69 per cent of the votes counted, three left-wing parties were forecast to gain 84 seats in the 179-member parliament while Mr. Schlüter's four-party coalition had won 70.

But Mr. Schlüter said he would try to carry on with the support of two non-government groups — the centrist Radical Liberals and the extreme right, anti-immigrant Progress Party.

"If there is not a socialist majority, we will not have a socialist government," Mr. Schlüter said. This result will mean we cannot have a socialist government. We will presumably have a continuation of the four-party coalition under much weaker conditions."

Whether Schlüter could weld together all the non-socialist parties remained to be seen, according to political analysts.

They said there were very sharp differences between the Radical Liberals and the Progress Party and foresaw an extended period of confusion and instability in Danish politics.

The Social Democratic leader, Anker Jørgensen, was greeted by cheering supporters as he arrived in parliament, but declined to comment directly on the early results, which had showed three leftist parties winning 88 seats in the 179-member Folketing, or parliament.

"It's a great evening," he said. The television projection was unexpected. Most opinion polls had forecast that the governing coalition would retain power.

The main election issue was the economy. Denmark is plagued by one of the highest external debts in Europe, which was \$38 billion at the end of last year.

Mr. Schlüter argued that his economic austerity policies were restoring the country's finances but Mr. Jørgensen said the debt was worsening and unemployment was growing.

Mr. Schlüter's minority government had difficulty implementing its defense policy and was unable to win support for some NATO policies.

Mr. Jørgensen, 65, was prime minister from 1972 to 1973 and from 1975 to 1982.

Official returns broadcast on the state television network showed Mr. Schlüter's Conservative Party dropping by 3 percent to win just under 20 percent of the vote.

The Social Democrats were winning over 30 percent, about the same as in 1984 elections, the early returns showed.

But the Socialist People's Party, which is allied to the Social Democrats, was more than 15 percent, up more than 4 percent over its showing three years ago, the initial count showed.

All the factions in Mr. Schlüter's coalition lost support, the results showed. The trend appeared to hold, with some fluctuations, as more votes were tabulated, according to the televised results.

Mr. Schlüter was attempting to become the first leader of the Conservative Party this century to be elected to a second term.

(Reuters, AP)

## China Fining Foreigners in Morals Drive

By Daniel Southard  
Washington Post Service

BEIJING — The U.S. Embassy here warned American citizens Tuesday that foreigners entertaining Chinese nationals of the opposite sex in their hotel rooms might be detained by police, interrogated and heavily fined.

An "important notice for American citizens" was posted at the U.S. Consulate following a series of incidents in the past month. Police have detained a number of foreigners who invited Chinese to their hotel rooms.

Western diplomats said citizens of the United States, Japan, West Germany and other nations have, in general, had to pay fines of up to 4,000 yuan (\$1,075).

But the diplomats said a fine of 10,000 yuan was imposed on a West German businessman, an employee of the electronics company

See CHINA, Page 7

## Panama Unrest Raises Fears for Canal's Future

By Richard Boudreaux  
Los Angeles Times Service

PANAMA CITY — The violence and strikes that have shaken Panama in the last three months have raised new concerns about the future of the Panama Canal.

The issues have sharpened in recent weeks as hundreds of Panamanian canal employees have joined the National Civic Crusade, which is demanding the removal of General Manuel Antonio Noriega, and as combat soldiers of the 2000 Battalion, diverted from their mission to guard the canal, have shot and clubbed demonstrators in Panama City.

General Noriega is considered the power behind Panama's civilian president, Eric Arturo Delvalle. And there have been smaller incidents.

The Tuckah freighter Karayell made an unscheduled 27-minute stop recently at the Pacific exit of the Panama Canal.

To the surprise of marine traffic controllers, the ship's Panamanian pilot announced through a walkie-talkie that the delay was "an act of solidarity with the people's struggle for democracy" against General Noriega.

The pilot was suspended from his job for 10 days, and 14 others who joined a national strike that week were docked in pay for the time lost. Since then, canal employees have agreed to limit their demonstrations to off-duty hours and not to hinder shipping.

But the incident underscored the canal's vulnerability to Panamanian politics.

Under two treaties signed 10 years ago Monday, full operational control and defense of the 50-mile (80-kilometer) canal, opened by the United States in 1914, is to pass into Panamanian hands at noon on Dec. 31, 1999.

Until then, the United States has primary responsibility for the canal's defense, and the waterway is operated by a U.S. government agency, the Panama Canal Commission, run by a board of five Americans and four Panamanians.

In 1990, a Panamanian will become the commission's senior operating officer, a post now held by an American. An American will become the assistant officer, a post now filled by a Panamanian.

The canal and the territory of the former Canal Zone passed into Panamanian hands when the treaties went into effect Oct. 1, 1979.

General Noriega has attacked local opposition leaders as U.S. agents trying to block the scheduled turn to the U.S. role in the country in 1999.

Denying such an aim, the general's opponents contend that his rule, if extended to canal operations, would bring mismanagement and ruin to the canal as a source of domestic conflict that could make the canal a target of sabotage.

"We Panamanians want to show the world we are capable of taking over from the Americans," said Rafael Severino, a machinist at the canal's Miraflores locks. "But we cannot administer the canal if the military administers us."

The Reagan administration has

See CANAL, Page 7



A Japanese tanker heading for the Gulf on Tuesday.

## Klosk

### Ethiopia Seeks More Food Aid

ADDIS ABABA, Ethiopia (AP) — Ethiopia has asked donor nations and relief agencies for around a million tons of emergency food aid for next year, the U.S. charge d'affaires, James Cheek, said Tuesday.

Some relief officials say that because of drought, harvests in some areas of Ethiopia could be as bad this year as in 1984, the first year of catastrophic drought and famine that by 1986 had killed an estimated 1 million people.

Mr. Cheek said diplomatic missions in Addis Ababa had received letters from the government asking for 950,000 metric tons of food aid. Donors pledged 500,000 tons for 1987.

### GENERAL NEWS

■ Helmut Kohl and Erich Honecker acknowledged irreconcilable differences on German reunification. Page 2.

■ Chad said it had killed 1,730 Libyans and destroyed 22 planes in destroying an air base in Libya. Page 2.

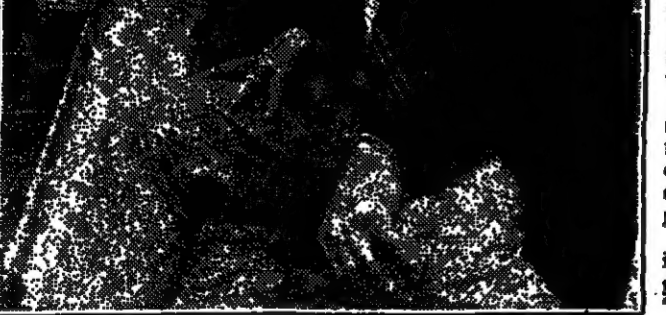
■ The CIA's new director seeks tighter control. Page 3.

### BUSINESS/FINANCE

■ The chairman of GAF Corp. is leading a group making a \$2.2 billion buyout offer. Page 11.

Dow close: DOWN 16.26  
The dollar in New York:  
DM \$ Yes FF  
L795 1.6645 141.60 6.0015

Tomorrow  
A typographical error turned the race for superconductors into every scientist's nightmare. In Technology Quarterly.



James Moriarty, headmaster of the American School of Paris, where enrollment has declined by nearly 20 percent.

## American Schools Share Dollar's Travails Abroad

By Christopher Boian  
International Herald Tribune

PARIS — Problem: What is the algebraic sum of the intersection of a declining franc, as in revenue, and a rising line, as in costs? Answer: zero, as in outlook.

That action may well be on the minds of American school administrators in Western Europe this week as they reopen their doors to one of the smallest crops of students they have fielded in 25 years.

The schools, a loose confederation of privately funded institutions in European capitals and business centers, have provided an unabashed American-style education to children of a primarily corporate clientele since U.S. companies began returning on mass during the 1950s.

This year, the falling dollar and lower oil prices have forced U.S.-based companies to cut back on the number of executives they send abroad. For the American schools, the result is declining enrollments, cutbacks and uncertainty.

"To say that we are in a deep financial crisis would be going a bit too far," said Harry Schaub, president of the board of trustees for the American School of Paris and a former executive for Trans World Airlines.

"But we now have to be more prudent with our resources than in the past," he said. "We know that we must make our dollars go as far as they possibly can."

Most of the problems of the schools can be traced to their intimate link with U.S. business abroad. Many of the largest companies subsidize all or part of school tuition for the children of executives. Some have made monetary and material contributions to the schools a matter of policy.

"If businesses make cutbacks in their employees overseas, we lose students. If we lose students, we lose money," said James Moriarty, headmaster of the Paris school. "It's a simple equation."

In Paris, student enrollment has dropped from 319 students during the 1982-83 school year to an expected 670 for the coming year. American schools elsewhere in Europe are showing the same symptoms.

■ At the International School in Boisfort, Belgium, just outside

See SCHOOLS, Page 15



## Honecker and Kohl Disagree On Issues but Pledge Contacts

By Robert J. McCartney  
Washington Post Service

BONN — The two Germanys pledged Tuesday to intensify bilateral contacts in fields ranging from travel to sports, but they achieved little on human rights or disarmament issues at the end of the official portion of Erich Honecker's landmark visit to West Germany.

A joint communiqué, issued after more than 12 hours of talks between the East German leader and Chancellor Helmut Kohl, made clear that the meeting had lived up to its advance billing of being important primarily as a gesture of good will between the two German states.

Mr. Honecker agreed to try to do more to make it easier for East Germans to travel to the West. The Communist government also eased restrictions slightly on imports of published materials, recording tapes and videocassettes.

The two sides agreed to disagree about the Berlin Wall, the shooting of people trying to leave East Germany, the possibility for reunification and how to reduce arsenals of short-range nuclear missiles.

"In fundamental questions, we

are still far apart," Mr. Kohl said in a speech prepared for delivery at a dinner Tuesday night given by Mr. Honecker. "No one could have expected anything else."

Mr. Honecker, in his speech, said his visit had been "fruitful" so far. Both leaders, who maintained a wary reserve toward one another in their joint appearances, stuck closely to plans for the first two days of the five-day visit.

Agreement was reached before the trip on most of the language in the communiqué. Mr. Kohl, as expected, accepted an invitation from Mr. Honecker to visit East Germany at a date to be specified later.

The smoothness of the first part of the visit resulted largely from compromise on the terms of the trip, political observers said.

Bonn granted a major concession by receiving Mr. Honecker on Monday with nearly all the honors normally given to a foreign leader, even though West Germany officially does not view East Germany as a foreign country.

Mr. Honecker agreed to the visit even though Bonn rebuffed East Germany's desire to have the trip marked by signing of accords on

disarmament or other major issues. Instead, ministers of the two governments signed long-planned bilateral framework agreements on nuclear safety, environmental protection and technology.

The start of the visit was also characterized by a deeply ambivalent response to Mr. Honecker by West Germans.

Bonn officials and newspaper commentators said that it was "painful" to welcome the man who presided over construction of the Berlin Wall. But they said that it was necessary to do so, in order to gain influence with East Germany and contribute to an improvement in the lives of its citizens.

Wolfgang Schäuble, head of the Bonn chancellery, said at a news conference: "Both sides are aware that this is a very difficult enterprise, which kindles mixed emotions."

He said Bonn placed great importance on Mr. Honecker's agreement to lower travel barriers, particularly for East German citizens below retirement age, who have had a difficult time visiting West Germany.

The Bonn government press office took the unusual step of announcing that East Germany had agreed to allow imports of nonpolitical published materials, such as technical or professional periodicals, and blank tapes.

Mr. Schäuble said East Germany still would restrict imports of Western news publications.

The two leaders agreed to take unspecified steps to expand tourism and trade, share electrical power, improve inter-German railway travel, promote youth and sports exchanges and help reunite divided families, the communiqué said.

Mr. Kohl and Mr. Honecker had a "frank exchange of views" on human rights, the document said. Neither side indicated publicly that there had been any progress toward changing East German border guards' orders to shoot people trying to cross the Berlin Wall or the frontier with West Germany.

Both sides reaffirmed longstanding differences on nuclear and conventional disarmament.

## U.S.-Polish Relations Thaw As Official Visits Washington

New York Times Service

WASHINGTON — U.S. relations with Poland were extremely cold from the start of the Reagan administration in 1981, until a gradual thawing began in the last year. Now a warming trend is setting in, started off by Poland's minister of environmental protection and natural resources, Stefan Jarzelski, the first Polish cabinet-level official to visit Washington since 1980.

He and Lee Thomas, head of the United States Environmental Protection Agency, are expected to sign an agreement on cooperation in environmental affairs.

Foreign Minister Marian Orzechowski will be in New York for the United Nations General Assembly session and is to meet Secretary of State George P. Shultz in late September.

Then, Finance Minister Bazyli Szpak, joined by Zbigniew Baka of the Polish National Bank and Tadeusz Baranowski of the Commercial Bank, are to arrive in the United States to discuss credit and loan issues with U.S. officials.

About this time, Vice President George Bush is scheduled to visit Warsaw. He is the highest-ranking U.S. official to visit Poland since President Jimmy Carter went there.



Erich Honecker signing an autograph Tuesday in Bonn for Veronika Schneider, 9.

## Chad Says It Killed 1,730 Libyans And Destroyed 22 Planes at Air Base

By Steven Greenhouse  
New York Times Service

PARIS — Chad said Tuesday that it destroyed 22 planes, killed 1,730 Libyans and took 313 prisoners last weekend when it captured a Libyan air base in its first foray into that country.

In a communiqué read on the Chad radio, Chad said its troops had destroyed three Soviet-made MIG-23 aircraft, a MIG-24 combat helicopter and four French-made Mirage fighter jets in demolishing the Matan-as-Sarah air base, 60 miles (97 kilometers) from Chad's internationally recognized border with Libya.

In the communiqué, the Chadians added that they had captured two Yugoslav "mercenaries" and an East German. In addition, Chad said the forces that took the Libyan airport, which was often used by Libyan planes that bombed Chad,

had crossed the border and returned to their bases.

Chad said the base no longer exists.

Also on Tuesday, the Chadian ambassador to France said that Libyan warplanes had bombed three towns in northern Chad earlier in the day.

Ahmed Allam-Mi, the ambassador, said the three towns, Wour, Yebbi Bou and Fada, suffered some destruction, but he said that he did not have details on the number of casualties. Mr. Allam-Mi called the bombings a continuation of Libya's bombing campaign against northern Chad.

French officials tried Tuesday to de-emphasize their role in Chad, maintaining that the bombing by French forces of a Libyan bomber on Monday over Nijamena, the Chadian capital, did not represent a more aggressive attitude toward

Libya. They said that in downing the Soviet-built Tupolev-22 bomber, France's force of 1,200 troops was merely carrying out its role of protecting southern Chad.

"If France shot down a Libyan plane Monday, it is because it was seeking to bomb Nijamena," Jean-Bernard Raimond, the French foreign minister, said Tuesday.

Trying to win the support of other Arab nations, Libya has said that France's action put it in "direct confrontation" with Libya. The Libyan news agency IANA has accused Chad of being a tool for the "imperialist" French and Americans. Both countries have supplied arms to the forces of Chad's president, Hissène Habré, which have pushed Libyan forces out of much of Chad over the last eight months.

Mr. Allam-Mi said: "France has always said that it would protect Chad's aerospace within certain limits and Libya wanted to test that policy. It has suffered the consequences."

François Fillon, chairman of the defense committee in France's National Assembly, said Tuesday that France should reinforce its logistical support for Chad, but only on the condition that Mr. Habré consult more with France before undertaking military actions.

Last weekend, French officials voiced dismay at Chad's attack into Libya. And in early August, French officials criticized Mr. Habré's forces for attacking and capturing Aozou, the main town in the border strip claimed by Libya and Chad.

France has urged Chad, for which it has provided not only arms but also soldiers to help resist Libyan aggression, to settle the territorial dispute of the Aozou strip by international arbitration. On Aug. 28, Libyan forces recaptured Aozou.

Mr. Fillon also called on the French to extend the area that they have pledged to protect.

"It is necessary to move the French forces a little to the north," he said. French officials have said their forces would generally limit their fighting to below the 16th parallel.

Late Monday, Togo called for a cease-fire in the Chad-Libya conflict, which it said was taking on "increasingly worrisome proportions." Saying that Africa needs peace, Togo called for a retreat by all forces from the Aozou strip. That would be followed by employment of a neutral force to enforce the cease-fire and by arbitration of the dispute by the International Court of Justice.

Meanwhile, Nigeria warned Libya and Chad against "all military adventurism." Algeria noted that Chad's capture of the Libyan air base was a "violation of Libya's territorial integrity."

## WORLD BRIEFS

### Soviet to Let More Dissidents Depart

MOSCOW (Combined Dispatches) — Members of four Soviet Jewish families who had been refused permission to emigrate on state security grounds were told Tuesday that they will be allowed to leave, a prominent refusenik said.

Vladimir Slepak, a Soviet Jew who has been trying himself since 1970 to secure an exit visa, said emigration officials told the families by telephone that they would be notified by mail when they can begin steps for obtaining visas. On Monday, Soviet officials told another Jewish activist, Josef Z. Begun, and at least six other refuseniks that they could emigrate to Israel.

In Washington, a White House spokesman welcomed the Soviet decision, adding: "The Soviets have had a pattern of late of making some high-visibility releases, and we would hope they would expand those to include the broader masses who would like to emigrate out of the Soviet Union." (AP, Reuters)

### Israeli Says Arafat Gave Him Message

JERUSALEM (AP) — An Israeli Communist legislator said Tuesday that Yasser Arafat, chairman of the Palestine Liberation Organization, had given him a "historical and unprecedented" personal message for Israel's top leaders.

An Israeli Foreign Ministry official said that he had no confirmation of the message, but noted that it would be the first such message from Mr. Arafat.

The Communist legislator, Charlie Biton, said the message was given to him and three other Israeli lawmakers whom Mr. Arafat greeted at a reception in Geneva on Monday. Mr. Biton said the message was for Prime Minister Yitzhak Shamir and Foreign Minister Shimon Peres. The legislators were part of a 35-member Israeli delegation attending a United Nations conference to discuss Palestinian demands for an independent state.

### Executive Held in Yugoslav Scandal

BELGRADE (Reuters) — The former head of a major Yugoslav company was arrested Tuesday, the latest development in a multimillion-dollar financial scandal, official sources said.

State prosecutors ordered the arrest of Filaret Abdic, who was dismissed over the weekend as chief executive of Agrokombank, for crimes that posed a "counter-revolutionary threat" to Yugoslavia's Socialist self-management system, they said. The state-owned company issued up to \$500 million worth of false promissory notes.

The arrest came after Mr. Abdic's immunity to prosecution as a member of parliament was waived by the Federal Assembly. Meanwhile, the official Tuzing news agency said banks affected by the scandal agreed to sue Agrokombank to recover losses. Further charges also were brought Tuesday against the director of the company's internal bank, who is one of six officials already arrested in connection with the affair.



Venezuelans crossing a flooding river near Maracay.

### 150 Die as Rivers Flood in Venezuela

MARACAY, Venezuela (AP) — At least 150 people died and hundreds were missing after floods swept away villages and started landslides in northern Venezuela, officials said Tuesday. They said they feared that the final toll could be much higher.

About 20,000 people were left homeless by the flooding, Venezuela's worst in decades, they said. In the city of Maracay, the largest in the devastated area, at least 150 bodies were found while 250 people were missing.

Floods demolished settlements around Maracay and on the coast Sunday and Monday after the Limon and Delicia rivers overflowed their banks swelled by heavy rains, officials said. Maracay is the nation's fifth-largest city, located about 55 miles (90 kilometers) southwest of Caracas.

### For the Record

Basque separatist guerrillas shot and killed a Civil Guard officer in Bilbao, Spain, on Tuesday, an official said. The attack raised to 32 the number of people killed this year by the separatist group ETA, the Basque-language acronym for Basque Homeland and Liberty. (Reuters)

The Soviet Union launched six satellites into orbit Tuesday with a single booster rocket, the official Tass news agency reported. Tass said the satellites carry scientific exploration equipment but did not elaborate on their missions. (AP)

Staff Sergeant Robert S. Stufflebeam, a U.S. Marine accused of having sex with Soviet prostitutes while serving as an embassy guard in Moscow, pleaded not guilty Tuesday to all charges at his court-martial in Quantico, Virginia. He and two other Marines also face lesser charges in the sex-for-secrets scandal. (UPI)

## TRAVEL UPDATE

### Spain, U.K. Fail to Agree on Air Fares

LONDON (Reuters) — A deal to make air travel cheaper in Western Europe remained grounded on Tuesday after Spain and Britain failed to reach agreement over how the deal should apply to Gibraltar, British officials said.

A Foreign Office spokesman said there was no breakthrough in day-long talks between senior officials of the two countries that focused on the status of the British colony's airport.

Spain vetoed a package in June aimed at reducing air fares throughout the European Community because the deal treated the Gibraltar airport as British. The Spanish are seeking to share the airport as a step toward recovering sovereignty of Gibraltar, a rock fortress on the southern tip of the Iberian peninsula that has been in British hands since 1704.

Two passengers aboard an Eastern Airlines commuter plane were slightly injured Monday when the aircraft collided with an Eastern employee bus at Hartsfield International Airport in Atlanta, an airport spokesman said. (AP)

### Shevardnadze Plans Latin Tour

MOSCOW — Foreign Minister Eduard A. Shevardnadze will visit Brazil, Argentina and Uruguay in late September and early October, in the first South American tour by a Soviet foreign minister, diplomats of the three countries said Tuesday.

Mr. Shevardnadze is to arrive in Brazil on Sept. 28 from the United States, where he will attend the United Nations General Assembly session in New York after talks in Washington with Secretary of State George P. Shultz.

The diplomats said Mr. Shevardnadze would go to Buenos Aires on Sept. 30 and visit Uruguay from Oct. 5 to 7. Diplomats from all three countries said their relations with the Soviet Union were satisfactory.

## U.S. and Israeli Books Seized at Moscow Fair

MOSCOW — Soviet authorities have confiscated 50 books in Russian belonging to a U.S. publishing company at the Moscow Book Fair, which opened here Tuesday, representatives of the company said.

They have also seized 20 books and about 2,000 posters belonging to the Israeli delegation.

Ellendea Proffer, head of the Michigan-based U.S. company Ardis, said most of the 19 titles confiscated from her stand were by contemporary Soviet authors such as Andrei Bykov, who lives in the Soviet Union, Joseph Brodsky, a dissident poet who lives in exile in the United States, and Alexander Glich, a dead poet.

Mrs. Proffer and her deceased husband, Mark, were accused Sunday by the daily Sovetskaya Rossiya of stealing archives of Mikhail Bulgakov, the Soviet author, from the Lenin Library to produce a 10-volume edition of his work.

Israeli representative Amos Roik explained the confiscated posters were a simple guide to the Hebrew alphabet reading "rongs" of the prophets, language of today. He added that the Soviet authorities were "quite afraid of the poster."



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## OPINION

## The Camera May Not Blink But It Can Sure Be Blind

By A.M. Rosenthal

NEW YORK — For decades to come, American scholars will be dissecting the Iran-contra hearings that seemed so important back in the late 1980s, to find out for themselves what they told about the Reagan era.

There is a chance now for scholars, historians and journalists to examine a new kind of historical document that will have an impact on what tomorrow thinks about today. It is like being in one of those time-warps movies.

The document is the videocassette of a contemporary event of historical significance, packaged for the consumer

The other cassette is the two-hour "Lieutenant Colonel Oliver North: His Story." This tape, produced by Turner Home Entertainment and Forum Home Video, uses film and commentary by Cable News Network, which is owned by the Turner company. For journalists it is a humbling demonstration of how an important news organization, in haste to get something out, can go wrong; well, almost humbling.

CNN generally gives complete, fast, straight news, and since it does that 24 hours a day, it is almost always being watched in newsrooms around the country. It can influence journalists' responses and decisions. That in itself gives the network importance.

On the cassette, the student of the future will first see a CNN anchorman, Bernard Shaw, standing in front of the Capitol, and hear this message:

"This man from upstairs, New York, this man from the sweaty boxing ring at the Annapolis academy, this decorated blood-and-guts man from Vietnam — where bullets tore flesh and men died, this family man of love and care, this man whose mortal enemy is communism and aggression... [became] the switching point for President Reagan's determined effort to help the Nicaraguan contras, the freedom fighters, the resistance" — as North called them.

Then follows two hours of selected testimony by Colonel North that is virtually devoid of context, questioning or contradiction. In a sense, the hearings were a trial before the public and the Congress. The CNN version is not an accounting of the trial but a statement for the defense. From a defense attorney, fine; from a news network, a distortion of the historic reality.

It is an advocacy piece of work, just as some of the newspaper and magazine stories that showed Colonel North as nothing but a hypocritical trickster were advocacy pieces. On the cassette, the colonel shows intelligence, a quick mind and a lust for intellectual combat. The problem is that since the CNN videocassette is a job of advocacy history, the viewer can never be certain just where reality lies.

The videocassette of today will be a historian's tool tomorrow. These two versions show that the videotape can be as trustworthy as the ballpoint pen as a recorder of history. The videocassettes are reminders to journalists and historians from way back in 1987: What counts is who is doing the recording, how they are doing it, and why.

The New York Times



## LETTERS TO THE EDITOR

## A Great Leap Backward?

Regarding "Sichuan's Fertile Farms Hold a Lesson for America" (Aug. 20):

Neal R. Peirce sees today's American farmer as a peasant who has been undone financially by his specialization. He depicts the smaller, self-contained farm of 50 years ago as a happy, pastoral version of what in reality was a dawn-to-dusk labor camp not only for the farmer, but for his wife and children as well. It still is, for that matter, but its productivity has risen to allow most farmers a decent standard of living.

Today's American farmers do not want to try to raise families on what they can earn carrying "chickens, ducks and vegetables" to market on their backs or their bicycles. Specialization has allowed farmers to enter the 20th century. The answer to the crisis in American farming is not to share living space with farm animals or to shovel waste into biogas pits — the answer is a fair price for the world's best agricultural products.

Yes, there is a lesson in the Chinese model; but it shows how far we have come, not where we should go. Labor-intensive agriculture in the United States is a dinosaur sent into extinction by the exodus of labor to the cities. Salvation for the American farmer is not to be found in a hoe and straw hat. Mr. Peirce's opinions may make interesting

patter on the Washington cocktail circuit, but in Cresco, Iowa, he would be laughed out of town.

STEVE LARSON, Tuxedo

## A Cessna, Not a Jet Fighter

Regarding the report "On Trial, Rust Says He Erred" (Sept. 3):

The Russians have convicted Mathias Rust of "violation of flight regulations" and "malicious hooliganism." Ironically, such words more aptly describe their conduct toward Korean Airlines Flight 007. The Russians simply lack the moral authority for anyone to take the Rust trial seriously. Given what they are capable of doing to civilian airliners, their show of self-righteous indignation and legalism seems most misplaced. After all, Mr. Rust did not use his Cessna to shoot down a Soviet airliner; all he did was play a spectacular aerial prank.

And before anyone gets carried away by the "openness" of the Rust trial, recall how Soviet warships kept other vessels (even those carrying mourners) far from the place where the KAL flight plunged into the sea. Yet Moscow welcomed Westerners to Mr. Rust's trial, hoping their presence would lend credibility to the proceedings, and to the accusers.

EGILS ZILE, Singapore

## Lisbon Has a Club, Too

Regarding "American Clubs: No Frills, Friendly" (Living Abroad, July 1):

In this otherwise excellent and informative article, I was disappointed not to see any mention of American Club activity in Portugal.

The American Club of Lisbon recently celebrated its 40th year of existence. The club organizes lunches, an annual dinner-dance (this year with President Mário Soares as our guest) and many other events. There is also an active American women's club — the American Women of Lisbon, or AWOL.

As in your headline, our approach is best described as "No Frills, Friendly."

EDWARD R.M. KANE, President, American Club of Lisbon

## On Brown and Barrymore

Regarding the obituary of Clarence Brown (Aug. 20):

It is incorrect that Lionel Barrymore won an Academy Award for his acting in Clarence Brown's production of "A Free Soul" in 1931 (one of the many movies for which Brown received a nomination as best director).

KIM R. MOWREY, Geneva

## Not to Change the Subject, But We Must Have Lunch

By Thomas R. Trowbridge

NEW YORK — Schools will be opening soon, and as my children go back I have been giving thought to what I did and did not learn when I went through the system.

Like anyone with a liberal arts education, I have had about 15 years of English. By the time I graduated from college, I could pluck a predicate complement from a crowded page in nothing flat and could distinguish a simile

tary thought, say you are not saying it. You can say that "he's stupid" by saying, "I'm not saying he's stupid."

By the same token, if you mean to be critical or rude, say you do not mean to be: "I don't mean to be rude." When you are sure of something, you must say that you are not entirely sure of the opposite; thus, if you strongly disagree, say, "I'm not entirely sure I agree."

"Not to belabor the point" is used as an introduction when you are about to belabor a point. If the belaboring will be prolonged, then, "not to prolong the matter" is preferred. When you want to change a conversation's subject, always say "not to change the subject."

After covering the introductory phrases, students should be ready to tackle The Excuse. For example, they should be taught that it is quite unnecessary to admit that they cannot or will not do something. The blame can be laid on an unidentified third party by explaining that one is "not in a position" to do whatever it is.

The same technique is useful if one has not done something one should have done. There is no need to fuss up. Youth should be taught, as adults have learned, to imply that it is because of the excessive demands of others, with the versatile, "I haven't had a chance to."

It may be that modern educators are better at passing along this information than were teachers in my day. I recently heard my young daughter respond to an invitation from her younger sister to join in a game by saying, "I'd love to, but I don't want to."

The writer is a partner in a New York law firm. He contributed this comment to The New York Times.

## Something Precise

THE ancient languages and their poems and plays have the singular ability to help us free ourselves from vulgarities. I do not mean "vulgarity" in the Roman sense of "common." The Greeks had a more insightful word, *poikilos*, meaning the lack of experience with things that are beautiful. The Periclean, Euripides, the perfection of each Platonic dialogue, the sound of Greek sentences — all these have the power to raise us up. It is hardly the most practical argument for studying the classics. But they can give us a sense of something precise, something noble, something truly beautiful. *Salve*.

—J. Agreola, National Endowment for the Humanities, in The Washington Post.

## An Invitation to Oxford.

The International Herald Tribune and Oxford Analytica present a special conference on The International Business Outlook University College, Oxford, September 16-19, 1987.

Join selected top management executives at the Fourth Annual International Business Outlook Conference in the peaceful environment of University College. You will participate with small study teams of leading academic experts in addressing the current economic, social and political trends in key regions of the world. The combination of specific up-to-date briefings, high-level analyses and stimulating exchanges provides a rare opportunity over three days for in-depth discussion and reflection on the world business climate.

The conference will close with a dinner at Blenheim Palace to be addressed by the Rt. Hon. Sir James Callaghan, KG, former Prime Minister of the United Kingdom.

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## U.S. Aides Worry That Reagan Is Losing Control on Contras

By John M. Goshko

Washington Post Service

WASHINGTON — One month after President Ronald Reagan and the Speaker of the House, Jim Wright, announced their Central America peace initiative, many administration officials say they believe events are moving so far beyond U.S. control that Mr. Reagan soon may find both Congress and U.S. allies in Central America no longer willing to support the Nicaraguan rebels.

These officials — many of them supporters of the rebels, known as contras — say developments in the last month threaten to undermine the contra cause despite repeated White House assurances that Mr. Reagan will fight for renewed congressional financing for the rebels unless the Sandinist government in Nicaragua cuts its ties to Cuba and the Soviet Union and permits pluralistic democracy.

In several interviews, political appointees and career officials in the State Department and other agencies said the administration had been losing the initiative to forces whose ideas of a regional peace agreement differs considerably from what Mr. Reagan had in mind when he joined Mr. Wright in their initiative.

Their original goal was to maneuver Nicaragua into a position in which it had to agree to the terms of the Reagan-Wright plan or face the possibility of renewed contra funding after Sept. 30. Unexpectedly, however, the U.S. move provoked Nicaragua, Costa Rica, El Salvador, Honduras and Guatemala to propose their own, and somewhat different, peace plan.

The Central American plan,

signed Aug. 7 in Guatemala City, won Mr. Wright's blessing, but the administration has viewed it more warily because of concern that it lacks guarantees that Nicaragua will be forced to take a more democratic course.

Many U.S. officials involved in working out a U.S. strategy for dealing with the situation have criticized the administration's top policy makers for paying insufficient attention to the negotiations while concentrating on reassuring the Republican right of Mr. Reagan's loyalty to the contras and trying not to alienate Mr. Wright.

As a result, the officials said, Mr. Reagan may be unable to keep his promises to the contras if the Central American plan leads to a peace accord by its Nov. 7 deadline.

The reason, these officials said, is that in the negotiations so far, the five Central American governments have shown more interest in pursuing their own national interests than in achieving an agreement that will effectively resolve tensions throughout the region.

U.S. officials say they fear that the four democracies, to win their own ends, will demand of Nicaragua only a few cosmetic, democratizing measures that can be portrayed as complying with a peace agreement sufficiently to support a demand for ending aid to the contras.

These pro-contra officials expressed concern that Mr. Wright might successfully argue that if the Central Americans reach an agreement acceptable to all of them, it would be improper for the United States to continue aiding a contra guerrilla war.

The administration has not worked out a strategy for dealing with such a possibility, the officials said. They attributed that failure in part to the fact that Mr. Reagan and most of his senior foreign-policy advisers have been out of Washington for the last month. While they have been away, the situation has been treated largely as what the State Department calls a "sixth-floor problem" — a reference to the floor on which the various assistant secretaries of state have their offices.

Even at that level, various officials say, there are deep divisions about whether the United States should try harder to influence the deliberations of the Central Americans or whether it should put its main effort into seeking new contra aid when the current funding expires Sept. 30.

### Reagan Reassures Contras

Mr. Reagan, vowing "we will not abandon our friends," said Tuesday that the contras would be able to count on support from the United States if the Central American peace agreement signed a month ago fails to produce democracy.

"We will not accept a mere semblance of democracy," Mr. Reagan said in a speech. He acknowledged that "in recent weeks the issue in Central America seems at times to have become confused: who is proposing what, how many votes are there on Capitol Hill for this or that?"

"But the real issue has never changed," Mr. Reagan said. "The real issue is peace and democracy in Central America and the national security of the United States."



Anna Osejo, who fled Nicaragua, carrying a sign reading "Sandinistas Blew Off My Right Foot With a Hand Grenade," in a New Orleans march to raise money for wounded contras.

## U.S. Congress Returns To a Mountain of Work On Contentious Issues

By Linda Greenhouse

New York Times Service

WASHINGTON — With nearly all of the year's most difficult legislative problems unresolved, Congress returns for its monthlong summer recess Wednesday to what is shaping up as a long and chaotic fall or even winter session.

Deep differences over taxes, trade policy, arms control and Central America must be addressed, some urgently, in an atmosphere already highly charged by the approach of the 1988 elections.

Even these contentious issues could be overshadowed by the battle in the Senate, which may evolve into a filibuster, over the confirmation of Judge Robert H. Bork to the Supreme Court.

Congressional leaders who once planned to conclude this year's session by mid-October now say that even Thanksgiving may be an optimistic target.

"If it were up to the House alone, we could conclude by mid-October," said Representative Jim Wright of Texas, the House speaker. "But there is no realistic hope that we will do that, given the deliberate efforts by some in the Senate to keep the trains from moving on time."

The speaker's reference was to the Senate's Republicans, who have been able to turn the body's intricate rules to their advantage in preventing action on such matters as a Defense Department bill containing arms control provisions; a major campaign financing bill; and ambassadorial nominations.

Robert C. Byrd of West Virginia, the Senate majority leader, warned in August that he might delay consideration of the Bork nomination until Republicans "come to their senses" and permit the Senate to move through its legislative agenda.

At stake in the increasingly bitter partisan standoff is not so much the fate of individual bills but the image that each party will be able to present to the voters in 1988.

Here are some of the major items on the congressional calendar for the remaining months of the session:

• The Senate Judiciary Committee begins hearings on Judge Bork's nomination next Tuesday. Senator Joseph R. Biden Jr., a Delaware Democrat who is the committee's chairman, has promised to report the nomination to the Senate floor by early October.

Its fate there depends on how Mr. Bork emerges from the hearings: as the mainstream conservative depicted by the White House, in which case conservative Democrats and moderate Republicans would probably vote for him, or as the extreme rightist that Mr. Biden and other opponents of the nomination say they believe him to be.

• The most urgent business before Congress is adopting a federal budget for the fiscal year that begins Oct. 1. The House has passed 9 of the 13 appropriations bills that make up the \$1 trillion budget; the Senate has passed none. President Ronald Reagan has threatened to veto several of the bills.

Many difficult budgetary decisions must be made in the next few weeks. The new budget, essentially a Democratic product, calls for \$19.3 billion in tax increases, which have yet to be specified and which the president has said he will not accept. A compromise on the pace and means of reducing the deficit over the next few years eluded congressional negotiators on the eve of the recess.

• The conference committee to resolve the differences between the versions of the trade bill passed by the House and the Senate began meeting just before the recess. The differences are substantial, with the president threatening to veto both versions.

• The sudden start of Central American peace talks early last month took both the administration and its congressional critics by surprise. The situation is fluid and confusing.

The peace plan calls for a ceasefire by Nov. 7, but with the current congressional authority for military aid to the Nicaraguan rebels expiring in three weeks, and a president who has vowed not to abandon the contras, the late-summer truce on Capitol Hill may be short-lived.

The administration may ask Congress for new military aid for the contras that would be placed in escrow to await the outcome of the peace process. But Representative Wright predicted that such a request would be rejected.

"A majority in Congress would probably see new military aid as counterproductive, talking peace but planning for war," he said.

• A Soviet-American agreement on intermediate-range nuclear arms could further scramble the remaining months of the session, with both Democrats and conservative Republicans warning that Senate ratification would be anything but automatic.

## Thanks to Yanks, Europe Tourism Improves — Except in France

The Associated Press

PARIS — Despite the weak dollar, the number of American visitors in Western Europe rose this summer, giving a lift to hotels and restaurants on most of the Continent and contributing to what appears to be the British tourism industry's best year ever.

From Athens to Oslo, countries are reporting improved tourism over last year, when the Chernobyl nuclear accident and fears of terrorism cast a cloud over the European summer, costing nations millions of dollars in revenue.

France, however, reported more tourists but less income.

"We saw fewer very rich Americans and more less-rich ones," notably youth, Jean-Jacques Descamps, secretary of state for tourism, said last week. He said that France, which started a "Welcome" campaign

this year to soften its unfriendly image, had an "average" summer.

In Britain, the news was bright. "We are well on target for a full-year result which will make 1987 the best year ever in the history of British tourism," said Duncan Black, chairman of the British Tourist Authority.

Britain had 6.8 million overseas visitors in the first six months of 1987, 16 percent more than in the first half of 1986, Mr. Black said at a news conference last week.

The number of North American tourists was up 60 percent this year, he said.

The United States is Britain's biggest single tourist source, and Americans' money represents about one-quarter of all spending by foreign tourists.

Mr. Black said Britain now ranked fifth in interna-

tional tourism earnings, behind the United States, Italy, Spain and France.

Spanish officials, however, expect a record \$15 billion in tourism revenue this year, moving Spain past the United States as the top earner worldwide.

Spain took in more than \$6 billion in the first six months of 1987, an increase of almost 40 percent from the first half last year.

In Italy, tourism is expected to increase this year by about 20 percent over 1986, with the number of American travelers more than doubling, the Italian National Tourism Office reports.

Americans returned to Greece after shunning it in 1986, when a 70-percent drop in U.S. visitors and a \$300 million drop in revenue were recorded. This year there have been 15 percent more Americans, said Panayiotis Martakis of the Greek National Tourist Organization.

His office estimates a 25-percent increase in tourism overall this year compared with 1986.

France, duly noting the "better performance" of Spain and Italy, predicts slight progress this year over last, but a decrease of 2.8 billion francs (\$466 million) in spending by foreign tourists.

Not only did American visitors not reach the "exceptional level" of 1985, Mr. Descamps said, but Americans "automatically spent less than before."

In addition, visa requirements proved "discouraging" for some tourists, he said.

The Swiss Tourism Office reported a surge of Americans this summer and a 7-percent increase over the 10-year average for the first 6 months.

In the colder climates, tourism was also on the rise. It increased an estimated 11 percent in Sweden this year and about 7 percent in Norway, with the Japanese the most avid visitors.

Belgium  
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## Prisons Calm In Belgium After U.K. Fans

The Associated Press

BRUSSELS—All 530 prisoners were accounted for Tuesday, one day after inmates at Saint Gilles Prison in Brussels staged a riot lasting five hours, the Justice Ministry said.

A spokesman denied reports that 13 prisoners remained at large, the second rebellion in a Brussels prison in as many days. The riots at Saint Gilles and Forest prisons were in protest over alleged preferential treatment Belgium will grant to 26 Liverpool soccer fans who will soon be extradited on manslaughter charges stemming from the 1985 Heysel Stadium riots.

The police said 150 people, including some policemen, were injured in Monday's rebellion, many suffering from respiratory problems due to the many fires that were lit inside the prison during rioting by about 400 inmates.

At the height of the disturbances, fires burned in several wings and on different floors of the prison as dense clouds of smoke rose skyward.

On Sunday, 25 people were injured in riots at nearby Forest prison. Last week, Justice Minister Jean Gol invited the press to visit the main prison at Leuven, just east of Brussels, to see the custody conditions for the 26 British soccer fans. The wing where they will be held has in recent years been refurbished.

Meanwhile in London, Home Secretary Douglas Hurd rejected as absurd a request to reconsider the extradition of the fans. Sir Harry Livermore, representing 11 of them, wrote to Mr. Hurd asking him to reconsider his decision following the riots in Brussels.

On television if he planned to change his decision, Mr. Hurd replied: "Of course not, that would be an absurd thing to do."

## BUSH: Memo Stirs Doubts

(Continued from Page 1)

The contras are fighting the Sandinista government of Nicaragua. Mr. Bush has said he never knew Mr. Rodriguez was engaged in helping the contras until the Iran-contras scandal began unraveling last fall, and Mr. Gregg has said he did not learn of what Mr. Rodriguez was doing until Mr. Rodriguez told him about it on Aug. 8, 1986. Mr. Gregg initially said he never talked with Mr. Rodriguez about the contras.

Officials said Mr. Bush was given the briefing paper but does not remember the contras reference. Mr. Bush has frequently said in recent months that he told the truth about his relationship with Mr. Rodriguez. Publicly and privately, the vice president has angrily attacked those who have questioned his statements.

The Iran-contras panel made public depositions from Mr. Gregg, his deputy, Colonel Watson, and their secretary, Phyllis M. Byrne.

The briefing paper prepared for Mr. Bush was typed by Miss Byrne on April 30, 1986. Under the heading "Purpose," it said, "Felix Rodriguez, a counterinsurgency expert who is visiting from El Salvador, will provide a briefing on the status of the war in El Salvador and re-supply of the contras."

Miss Byrne testified that she received this information from Colonel Watson. But Colonel Watson said "I do not recall" giving her the statement concerning the contras. Mr. Gregg testified that he did not tell Miss Byrne about the contras and "I just can't account for it."

In depositions, Colonel Watson as well as Mr. Gregg said they could not recall the language in the memorandum. Colonel Watson said he was "almost positive" the subject of the contras never came up at the session May 1 with Mr. Bush, and Mr. Gregg was even more emphatic.

"There was no intention to discuss contras resupply," Mr. Gregg testified, "nor was contras resupply discussed in the 1 May meeting."

Steve Hart, Mr. Bush's acting press secretary, said the depositions by Mr. Gregg and Colonel Watson did nothing to change Mr. Bush's version of events.



Brussels police help evacuate wounded inmates from Saint Gilles Prison after the riots.

## DEFEAT: In Argentina, the Political Landscape Shifts

(Continued from Page 1)

Alfonso has said that a moratorium would hurt the economy.

The Peronist victory was all the more astonishing given the unpopularity and disarray into which the working class-based movement had slumped in recent years.

From the mid-1940s, the organization, formally called the Justicialist Party, had been the dominant political force through several decades, and a main target of repeated military interventions in politics.

Restored to power in 1973, it flourished after the death of its founder, Juan Peron, in 1974. Two

years later, the military forcibly removed Mr. Peron's widow, Isabel, after months of political violence and economic chaos.

The party's loss to Mr. Alfonsin in the 1983 presidential race, which revived democracy, set off an internal power struggle between an authoritarian Old Guard and a more democratic wing labeled the Renewal Peronists.

The head of this moderate Peronist current, Mr. Cafiero, 64, an economist, a former minister and a one-time ambassador to the European Community, led the party to victory Sunday by winning the governorship of giant Buenos Aires Province.

Although the Radical Party lost its absolute majority in the lower house, it still is the strongest bloc because only half of the chamber's 254 seats were at issue.

It won an estimated 52 seats, meaning it will have 117 in the new Congress. The Peronists claimed 60 seats, bringing their new total to 108. No seats were contested in the Senate, where neither party has an absolute majority.

Mr. Cafiero's triumph made him a primary contender for the presidency two years from now, even though the Peronist leader pledged throughout the campaign to complete the four-year gubernatorial term if elected.

## CANAL: Unrest Raises Concerns

(Continued from Page 1)

reaffirmed U.S. treaty obligations. It also has endorsed the opposition movement's call for free elections and civilian control of the National Defense Forces, the nation's only military and police organization.

General Noriega's answer to his critics is a single slogan: "Not One Step Back." Written on walls, billboards, bumper stickers and railroad cars as the theme of Monday's treaty anniversary, it affirms his determination to stay in power to supervise the final transfer of canal operations.

Many Panamanians harbor serious doubts about that process, a survey indicated last month.

Of 638 residents polled in Panama City, 35 percent said they thought the canal worked better a decade ago, before Panama had a role in its administration. Eleven percent said it runs better today.

The same survey showed that 45 percent believe it is "improbable" that the United States will live up to its treaty obligations, compared to 51 percent who consider it "probable."

The anti-Noriega protests began over charges by the dismissed military chief of staff that the general had rigged the 1984 presidential election and planned the murder of a leading opponent. General Noriega has denied the charges.

The pro-military National Assembly has accused "groups of the traditional oligarchy" of leading the protests with the aim "to establish a political regime in Panama that would allow the United States to remain after the year 2000."

Ricardo Arias Calderon, leader of the Christian Democratic Party and one of those denounced as "traitors" by the assembly, said all opposition groups support the "full

nationalization of the canal as an irreversible fact."

"Noriega's argument is typical of dictators who feel rejected by their own people," he said.

But Dennis P. McAuliffe, the canal's U.S. administrator, admitted that the Panamanian government's campaign has been somewhat effective in shifting the focus of debate in the country by casting doubt on U.S. intentions.

The treaties were signed by President Jimmy Carter and General Omar Torrijos, a populist officer who brought the military to power in 1968 and dominated Panama until his death in an airplane crash in 1981.

Under the treaties, Panama was given a bigger share of shipping toll revenues, and they now account for 8 percent of the national income. But the canal's operating budget remains under U.S. congressional control until 1999, when full operational control passes to Panama.

At that time, U.S. military personnel based in Panama for canal defense, now numbering 10,000, must withdraw from the country.

## Fees at Private Colleges In U.S. Rise 7% in 1987

The Associated Press

NEW YORK—A year's tuition, fees, room and board for freshmen at the 500 most expensive private colleges in the United States this fall averages \$11,132, up 7.39 percent from a year ago, according to a survey released Tuesday.

The schools included in the College Board survey total fewer than half the 1,044 four-year private colleges and universities in the country but enroll about 75 percent of the full-time undergraduates in that sector.

## KOREA: Alike in Name and Goal

(Continued from Page 1)

ed. The military distrusts him too much, they argue, and would intervene to block him.

The rivalry has presented a quandary to the broad coalition of religious, labor, teacher and student groups that form the organized opposition. Their collective heart is with Kim Dae Jung, a man who has spent years in jail or exile abroad for his anti-government resistance. But their minds tell them that Kim Young Sam stands a better chance of winning.

"Sometimes you have to yield the ideal for practical results," a Protestant church leader said. "I suspect Kim Dae Jung may have to yield. Kim Young Sam is the safer path."

Kim Young Sam says the party, which he heads, must pick its candidate by no later than Sept. 15. Kim Dae Jung, who has the title of adviser to the party, sees no need to act before late October, suggesting that the party should not give the ruling camp a clear target too early.

But it is clear that Kim Dae Jung also wants to stall for time, to see how much popular support he can muster against the better-organized Kim Young Sam. On Tuesday, after repeated delays, he visited his native Cholla Province for the first time in 15 years, a closely watched

journey that is interpreted as an attempt at political pulse-taking.

■ **Thousands Cheer Korean**  
Hundreds of thousands of South Koreans surged through Kwangju on Tuesday cheering Kim Dae Jung, The Associated Press reported.

Riot policemen sealed off the main government offices in the city center as thousands of protesters, many of them students, chanted anti-government slogans. The crowds later dispersed peacefully.

Later, Mr. Kim wept at the graves of people killed in a 1980 anti-government uprising and told thousands of supporters that South Korea would soon be a democracy.

■ **Candidate to Visit U.S.**

Mr. Roh will visit the United States next week, officials of the ruling Democratic Justice Party said Tuesday, United Press International reported from Seoul.

Officials said the ruling party's candidate would visit Washington Sept. 13 at the invitation of several private groups and would speak at the National Press Club.

The state-run Korea Broadcasting System reported late Tuesday that a meeting had been arranged between Mr. Roh and President Ronald Reagan. The report could not immediately be confirmed.

## CHINA: Foreigners Are Fined

(Continued from Page 1)

Siemens AG, who was found in bed with a Chinese woman in a hotel room. The man paid the fine and Siemens asked him to leave China, the diplomats said.

Some diplomats believe the crackdown is part of a new moral campaign designed to impose discipline before a major Communist Party congress scheduled to convene Oct. 25. Police are also conducting a drive against pornography.

According to recent press reports, some Chinese prostitutes have been sent to labor camps for two years. Chinese pimps can be sentenced to even longer terms.

A diplomat said police had questioned foreigners for as long as six hours, and in some cases overnight.

Usually the foreigners have been required to sign a statement saying they regret having committed a wrong, the diplomat said.

The largest number of incidents, perhaps a dozen, has been reported in Shanghai.

In Beijing, the Ministry of Foreign Affairs cited a law prohibiting prostitution and solicitation of prostitutes.

Chinese officials said that violators of the law could be detained for up to 15 days and that those who "refuse to repent" should be sent to labor camp and fined.

## Yugoslavs Link Vandalism to Killings

The Associated Press

BELGRADE—Windows of at least seven shops owned by people of Albanian descent were smashed overnight, apparently in retaliation for the killing of four soldiers by an ethnic Albanian last week, Radio Belgrade reported Tuesday.

It said that four stores on the outskirts of Belgrade and three in Titograd, capital of Montenegro, were smashed and that there was no indication of burglary. The attacks brought to 10 the number of such incidents apparently directed against ethnic Albanians since the killings.

Aziz Kelmendi, 20, from the Albanian-dominated southern province of Kosovo, shot to death four fellow soldiers Thursday and wounded five before killing himself in army barracks at Paracin, about 100 kilometers (60 miles) south of Belgrade. The army said Monday that he was motivated by Albanian nationalist sentiments.

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THE GIN OF ENGLAND







## Vietnamese Press Tries Its Hand at Some 'Real Reporting'

By Barbara Crossette

New York Times Service

HO CHI MINH CITY, Vietnam — "In the information world, there can be no sacred cows." The editor of a Vietnamese Communist Party newspaper was speaking. The editor, Tust Viet of Saigon Giai Phong, is one of a small but influential group of journalists who say they are changing the way the press thinks and works in Vietnam.

"There has been a struggle between two points of view — to serve the masses or to serve the mandarins," he said in an interview at the paper's offices.

"Being a government tool, just printing declarations, is always the easier way," he said. "We wanted to add commentary, criticism, real reporting to this."

Corruption in the national airline, venal party officials, slothful bureaucrats, inadequately educated doctors, men who avoid military service by marrying officers' daughters, these are only a few of the targets that are attracting the attention of writers and cartoonists.

"Where are the 300-liters of fuel?" asks a headline in The Youth Paper, the most daring of the new journalistic breed, in a report on bureaucratic theft.

Another article, "Good News for Drunks," notes that the price of almost everything except beer is rising.

### In Manila, Looking for Coup Blame

By Keith B. Richburg

Washington Post Service

MANILA — Almost two weeks after the unsuccessful military coup, the government of President Corason C. Aquino appears beset by disarray, with political and military leaders engaged in an unusual round of recrimination.

The vice president and foreign secretary, Salvador L. Laurel, spent the weekend touring military bases and getting rousing applause by asking the soldiers in rally-style meetings, "Should President Aquino change members of the cabinet?" and "Should the president remove the communists in government?"

Meanwhile, congressional leaders have stepped up their calls for the resignations of Mrs. Aquino's two top aides, her executive secretary, Joke P. Arroyo, and her special counsel, Teodoro Locsin.

Critics say the two aides tried to undermine the military leadership during the crucial early hours of the coup on Aug. 23, and they have renewed their accusation that Mr. Arroyo is a communist sympathizer.

Mr. Arroyo appeared before the House of Representatives on Tuesday to defend himself against accusations that he is anti-military and a communist. In the process he lashed out at his critics, even as he insisted that this was the time for government officials to "close ranks."

Mr. Arroyo defended his earlier characterization of Colonel Hones-to-Ialeta, the armed forces spokesman, as "a Goebbels propagandist," saying, "A Goebbels is one who tells a lie. He called me a commie, and I'm not a commie."

Mr. Arroyo also suggested that Mr. Laurel was overstepping his authority during his trips to the military camps on a mission to test the sentiments of the troops.

"That the vice president was asked to go to the various military camps, yes," he said. "That he was authorized or asked to ferment dissent, no."

The picture that has emerged in the days following the failed coup has been one of a government searching about to cast blame.

Military officials have accused Mrs. Aquino, and particularly her two aides, of ignoring military grievances and allowing widespread dissent to spread within the armed forces.

Presidential aides, on the other hand, have said that the coup attempt called into question the loyalty of large segments of the military.

The result is that far from celebrating the defeat of the fifth and most serious coup attempt, the government has once again been reduced to the kind of internal bickering that characterized the early months of 1986.

"We failed a coup, so we should rejoice," Mr. Arroyo said. "But after every coup — like this particular coup — someone must be blamed. So we have become the culprits."

Mr. Arroyo, like the armed forces chief of staff, General Fidel V. Ramos, has long been a favorite target of critics who see the Aquino government as unnecessarily antagonistic toward the military.

After every unsuccessful coup attempt, the calls increase for Mrs. Aquino to remove both General Ramos and Mr. Arroyo, but both have managed to survive.

A cartoon in the same paper shows peasants confronting a luxury house newly built in rice fields near Hanoi's international airport. The house, like many others, belongs to a pilot who is enriching himself on smuggled foreign goods.

The accompanying article reveals details of how Vietnam Airline's former personnel chief used the carrier's overbooked planes to ferry construction materials and laborers from south to north, to build himself a villa of princely proportions.

In the process, the official, Ngo-

Dac Thuong, managed to steal or otherwise procure the following: 14,000 pounds (about 6,300 kilograms) of cement, 2,500 pounds of iron and steel, six cubic yards (4.5 cubic meters) of stone, 102,800 bricks, and a good deal of fancy hardware, the newspaper said.

The Youth Paper, published in Ho Chi Minh City, also produces two newspaper magazines: Youth on Sunday and The Laughter of Youth. All are sellouts, news agents say.

But the editors of Saigon Giai Phong believe that they were the

first to question the economic policies being forced on what was formerly South Vietnam after Hanoi's victory in 1975.

"There was time when even news of accidents or robberies was suppressed," Mr. Viet said. "This was not reflecting reality."

"Party leaders did not want criticism," he added. "They were afraid of public opinion. Leaders feared that to open the door would invite an attack on the whole system."

No journalist has been reported censored or punished yet in the

outspoken campaign for party and government overhaul, which so far has not questioned the fundamentals of Marxism. But some editors have been challenged.

Among them is General Tran Cong Man, editor in chief of the Vietnamese Army newspaper, Quen Doi Nhan Dan. The paper has been on a sustained crusade against general inadequacies of government as well as specific cases of corruption and abuse inside and outside the military.

Analysts who follow events in the Vietnamese Army from Aust-

lia and the United States say that the motive for the paper's campaign may be the army's need to win for itself an influential place in peacetime, when its demands compete with those of other interest groups.

The paper says in its editorials that the army cannot be effective in present economic conditions, because soldiers are undernourished, inadequately fed, and skimpily supplied.

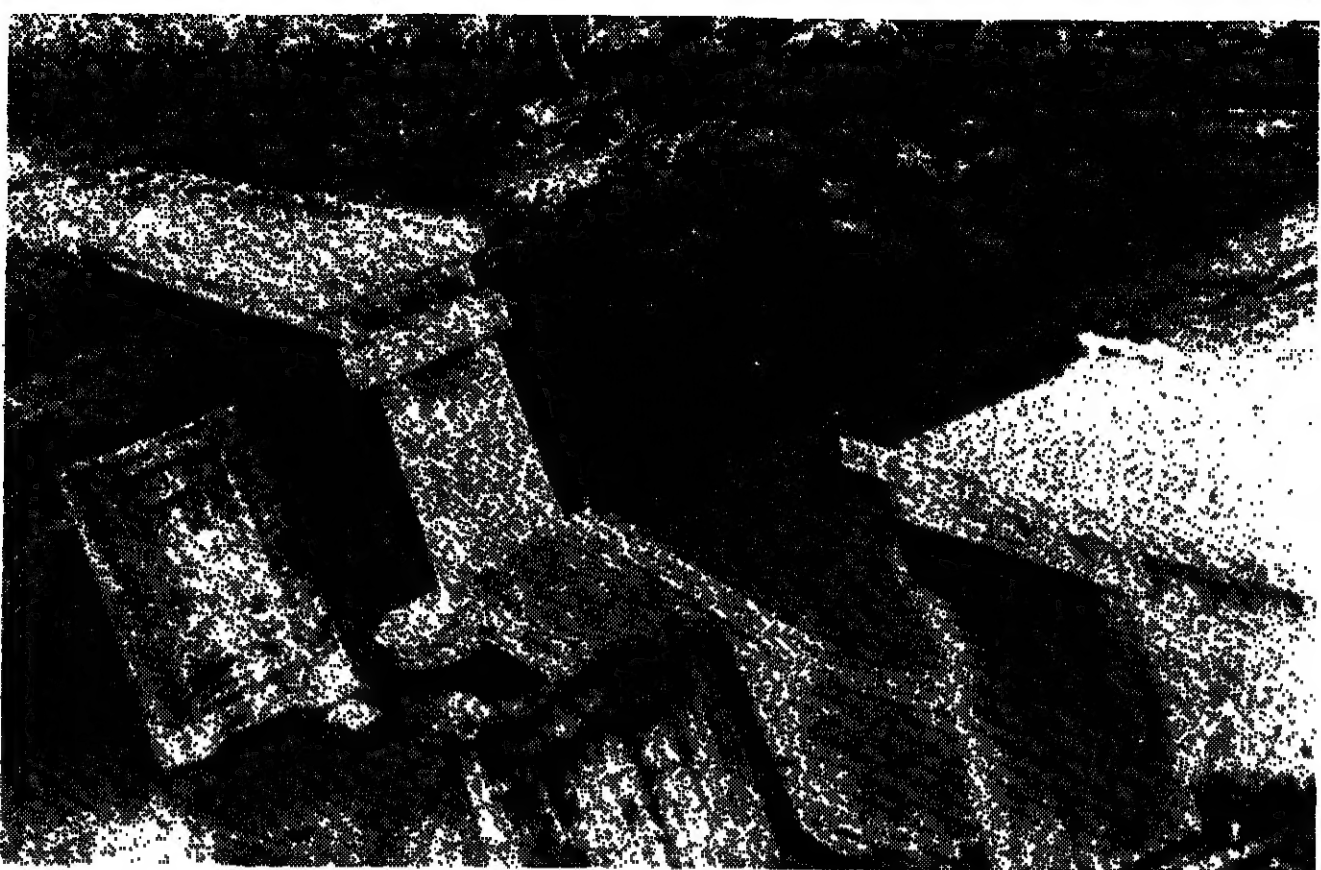
General Man said that from time to time party officials go over his head to try to stop articles from appearing. He said reporters are being told to verify reports of malfeasance very carefully, so that there will be no mistakes.

At The Youth Paper, the deputy editor, Huynh Son Phuoc, 37, says there are four lawyers on call to check articles for potential legal problems.

Vietnam's liveliest papers say that it is only a shortage of newsprint that keeps them from increasing size and production runs. Mr. Viet at Saigon Giai Phong — where some journalists from the old South Vietnamese regime are employed — said that his market research indicated the present circulation of 90,000 could easily be more than doubled to 200,000.

The paper losing out these days, readers and journalists say, is Nhan Dan, the Communist Party daily. Under a new editor, Ha Dang, it seems to be slipping back from the bolder days of an editor named Hong Ha. Mr. Ha is now a high-ranking official in the Ministry of Information.

A recent editorial reviewing human rights in the United States announced that the American government had "blacklisted" 34 million of its own people as security risks, and that "the rights of minority groups and the foreign born, especially those of Asian origin, are brutally suppressed." Several Vietnamese with relatives living happily in the United States shrugged when asked about the veracity of this. "No one reads that paper any more," one said.



PHILIPPINE HIGHWAY CUT BY REBELS — Communist guerrillas dynamited this bridge 150 miles southeast of Manila, stopping traffic on the pan-Philippine highway. The bridge spans the Bicol River in southern Luzon.

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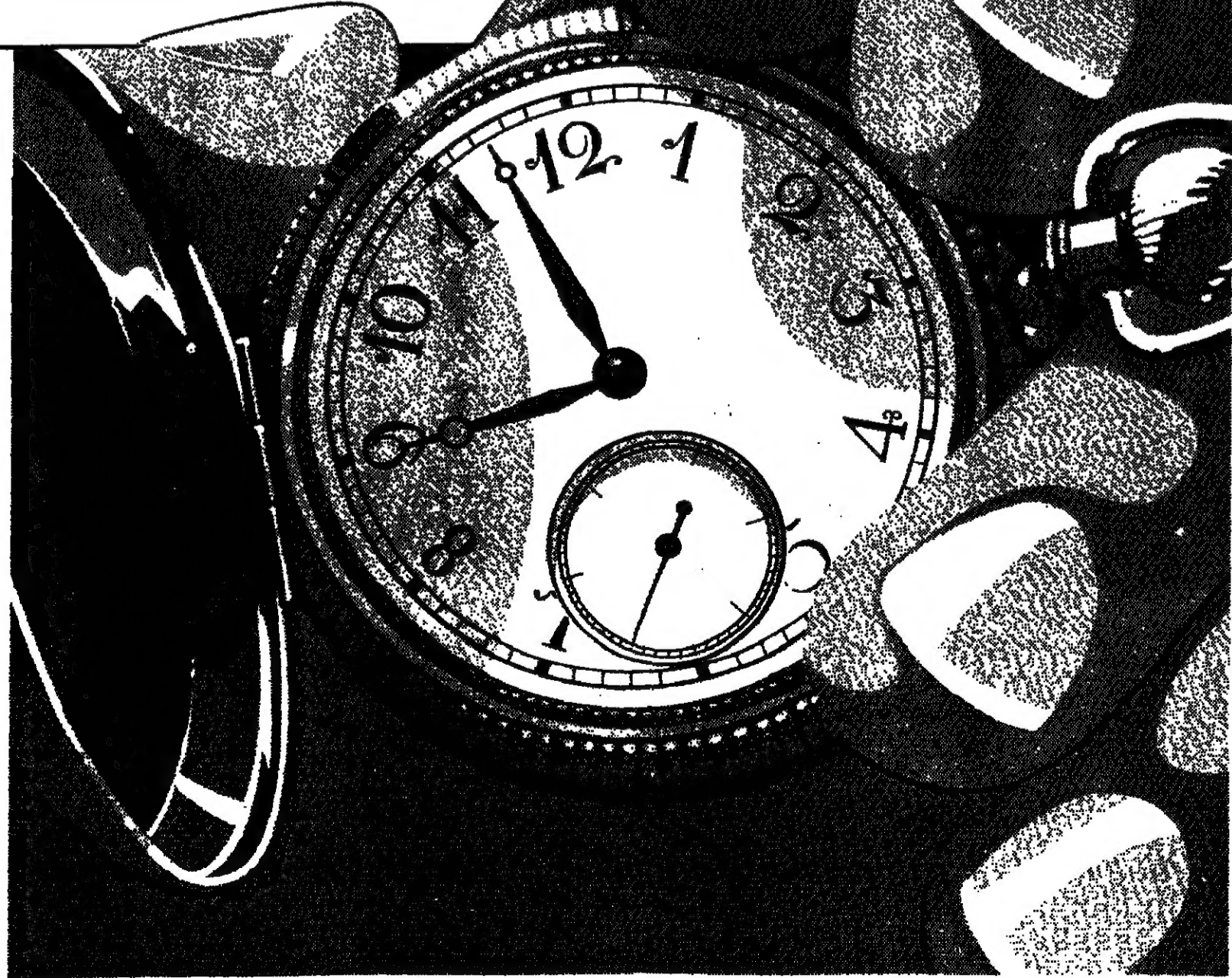
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## MADISON AVENUE Agency Head Campaigns For Incentive Payments

By ISADORE BARMASH

**NEW YORK**—Should advertising agencies be compensated by a commission, a fee or through an incentive arrangement? Barry Blau, chairman of Barry Blau & Partners in Fairfield, Connecticut, is for incentives. "We should be paid on what we sell for the client rather than on how much he spends on a campaign," he said. "Any business in his right mind would agree with that. He doesn't like the idea that, in addition to spending a lot of money on a campaign, he also pays a commission for what he hopes to sell. So an incentive setup makes sense for him and for the agency, if it can be properly worked out."

Mr. Blau admitted that incentive arrangements are feasible in his own field of direct-response advertising because the results are more directly measurable than in general advertising. Direct mail for subscriptions, for example, elicits a clear result, as do television direct-response promotions. But in general advertising, a variety of influences, including retailer promotion and the amount of shelf space, make incentives a more difficult matter.

"Nonetheless, I believe that the incentive concept can be used more widely in the advertising business," Mr. Blau insisted. "Agencies might consider a combination of a fee and some compensation as a direct result of sales, although that would require some close monitoring."

Advertising agencies traditionally work for 15 percent of the billings, although negotiations with clients sometimes cut these commissions to 10 percent. Others have fee arrangements, computed on a combination of employee hours spent on the account, overhead and a markup of from 15 percent to 25 percent on both those factors.

At Blau & Partners, incentive arrangements bring in only about 15 percent of the agency's revenue, but they are growing, Mr. Blau said.

"We tell our clients, 'I think we could figure out an innovative form of compensation in whole or in part,' and we find more and more of them are interested."

The incentive concept was praised by a fellow executive. "I think it's a very sound idea," said George Lois, the chairman, chief executive and creative director at Lois Pitts Gershon. "If I had done that early in my career, I'd probably be a millionaire today."

But, Mr. Lois admitted, "A lot of advertising doesn't work well enough to be able to measure results." He added: "Good advertising is another matter. It can work miracles. If my clients were willing, I'd like to try it tomorrow."

A.C. Nielsen Co., long the dominant force in the U.S. television ratings business, now has formidable competition from the AGB National TV Ratings Service of Columbia, Maryland, and a new, well-financed British-American partnership.

Starting this month, Nielsen and monitors begin clicking away in 1,700 American households, reporting viewing and use data on each home's television sets and video cassette recorders for AGB clients.

Nielsen recently suffered a setback when the CBS television network signed on with AGB. Last week, Dun & Bradstreet Corp., Nielsen's parent company, acquired Information Resources Inc. in an effort to expand Nielsen's market research scope.

Some industry experts expect Nielsen and AGB to engage in a long-running, high-stakes battle, with each using its substantial

## Brazil Curtails Debt Plan

**Baker Calls It  
A 'Nonstarter'**

Reuters

**WASHINGTON**—Brazil's finance minister, Luiz Carlos Bresser Pereira, said Tuesday that the country was sharply curtailing its plan to convert about half its foreign bank debt into bonds. The decision came after the U.S. Treasury secretary, James A. Baker 3d, called the plan a "nonstarter."

Foreign banks had already criticized the proposal under which about half of the \$68 billion owed to the banks would be converted into bonds to be sold at a sharp discount from their face value. Mr. Bresser Pereira said he was now asking individual banks to accept the proposal on a purely voluntary basis, and that Mr. Baker had agreed with this approach.

Following the morning meeting between the two men, "there was general agreement that Brazil's problems should be addressed in a conventional way," a statement from Mr. Baker said.

Amid discussion of options for Brazil's bank financing package, it added, Mr. Baker "characterized Brazil's recently reported debt proposal to securitize existing debt as a 'nonstarter.'"

Brazil, the developing world's largest debtor with \$112 billion owed abroad, had suggested that banks could sell the bonds at discounts of around 70 to 75 percent of their face value. The bonds would pay interest, giving banks a return similar to what they now get by trading Brazil's loans at a 55 percent discount.

Earlier this year, when Brazil stopped paying interest on its bank debt, its bank creditors increased reserves against possible loan losses. But, they said, the Brazilian plan would have forced them to actually write off much of the loans.

The Baker statement also noted that Brazil would need to reach an agreement with the International Monetary Fund on restructuring its economy before approaching Western creditor governments for debt payment delays.



An employee stitching garments at a factory in Shenzhen run by Wisegroup Investment Ltd. of Hong Kong. At right, packaging of televisions at Luks Industrial Co.



## Hong Kong 'Colonizes' Chinese Belt

**Low Costs, Eager Workers Lure Factories Northward**

By Nicholas D. Kristof

New York Times Service

**SHENZHEN, China**—Dusty fields and backyard vegetable plots are being replaced by rows of thriving factories here as tiny Hong Kong "colonizes" a belt of southern China.

While American and European companies agonize over unprofitable businesses in China, Hong Kong companies are nimble and profitably transferring more and more production to that nation. Already, parts of southern Guangdong province are virtual subcontracting centers for the British territory.

"They like to work, and they don't like to take holidays," said P.K. Yu, the Hong Kong-based manager of Wisegroup Investment Ltd., said of the 62 people in his knitted-garments factory in Shenzhen, just across the border from Hong Kong.

Mr. Yu's employees work 10 hours a day, seven days a week, for the princely wage of about 30 cents an hour. Once a month or so they take a day off.

"Everyone wants to come here," said Li Lailan, a 20-year-old worker in Mr. Yu's factory. Ms. Li moved to Shenzhen two years ago from her native village 260 miles (420 kilometers) to the southwest. "It's better here because you don't have to endure

the wind and the rain in the fields."

Hong Kong now supplies 79 percent of the foreign investment in China. The Hong Kong Bank in Hong Kong estimates that in Guangdong province alone, there are 2,000 factories partly owned by Hong Kong interests.

In addition, the bank calculated, Hong Kong companies have signed about 60,000 subcontracting agreements with companies in Guangdong, spawning 8,300

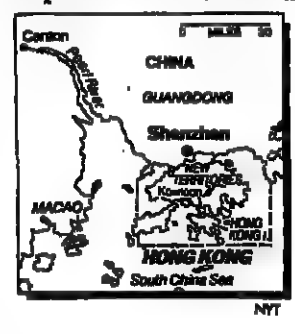
factories. Many Hong Kong companies prefer subcontracting agreements because they need make no equity investment but usually can still supervise the manufacturing process.

More than 1 million workers in southern China depend on manufacturing arrangements with Hong Kong, the bank reported. In 1978, when China began to open to the West, there were virtually no manufacturing links between Hong Kong and China.

Many managers and economists say that Hong Kong will increasingly become the managerial center for the southern Chinese region—the site of companies' headquarters and marketing, engineering, accounting, and shipping operations—while the factories themselves will be in China.

Gordon Wu, the managing director of one of Hong Kong's biggest companies, Hopewell Holdings Ltd., said, "Hong Kong will be the storefront, and the Pearl River delta of China will be the factory."

Raymond K. Hing, the chairman of Applied Electronics Ltd., a Hong Kong company that manufactures talking dolls, remote-controlled cars, and other products, said, "About 90 per-



## Heyman Leads \$2.2 Billion Offer for GAF

The Associated Press

**WAYNE, New Jersey**—A management group led by GAF Corp.'s chairman and chief executive, Samuel J. Heyman, has made a \$2.2 billion buyout offer for the company, GAF announced Tuesday.

GAF stock, after a delayed opening on the New York Stock Exchange, rose \$12.25 to close at \$66.75 in active trading.

The group led by Mr. Heyman, who won control of GAF in 1983 following a bitter proxy fight to oust the former chairman, Jesse Werner, offered to pay \$64 in cash and securities with a face value of \$2.50 for each of GAF's 33.5 million common shares outstanding.

That would give the offer for GAF, which makes chemicals and building materials, an indicated value of about \$2.2 billion, the company said.

Mr. Heyman said, "We believe that the proposed transaction provides a very attractive opportunity for shareholders to realize the value of their ownership in GAF."

Mr. Heyman holds more than 2.7 million shares of GAF, representing about 8 percent of the outstanding stock.

The proposed transaction offers a premium of more than 80 percent to the closing price of the company's stock on Dec. 31, 1986, and a 22 percent premium to its closing price on Friday.

Some speculators said the proposal of \$66.50 per share seemed low. "Heyman doesn't like to pay full price," said one. "He must think it's unlikely a third party will come in."

An analyst added, "People don't want to tangle with Mr. Heyman. He's proven to be a shrewd investor in the past and a tough guy to try to overcome."

The Heyman group expects to finance the transaction with its own funds, bank borrowings under a syndicated loan from a group of banks to be led by Chase Manhattan Bank and additional funds to be raised through Drexel Burnham and Merrill Lynch.

Mr. Heyman has helped GAF increase its earnings since he and a new board of directors took office

in December 1983. Since then, GAF has registered 14 consecutive quarters of increased earnings and seen its market price for the company's common stock rise more than seven-fold.

In April, GAF mounted an unsuccessful \$3.31 billion buyout offer for Borg-Warner Corp., but made more than \$190 million in pretax profit when it sold its Borg-Warner stock to an investor group led by Merrill Lynch & Co.

GAF also made hundreds of millions of dollars in real and paper profits by selling its stake in Union Carbide Corp.

In July, GAF reported second quarter net income of \$132.4 million, a 400 percent increase over earnings of \$25.9 million for the same period in 1986.

## Oil Prices Fall 40 Cents Amid Surplus Supplies

The Associated Press

**NEW YORK**—Oil prices dropped about 40 cents a barrel Tuesday, falling below \$19 for the first time in nearly two weeks, with market participants convinced that world supplies are outstripping demand.

On the New York Mercantile Exchange, which was closed Monday for the Labor Day holiday, contracts for October delivery of West Texas Intermediate, the benchmark U.S. crude, closed at \$18.94 a barrel, down 38 cents from Friday.

The International Energy Agency said in Paris on Monday that August production by the Organization of Petroleum Exporting Countries totaled 19.7 million barrels daily.

The figure, in line with other estimates, is 3.1 million barrels more than OPEC's official quota and about 3 million barrels more than market needs, according to some analysts.

## Currency Rates

Cross Rates	Sept. 8	Sept. 7	Sept. 6	Sept. 5	Sept. 4	Sept. 3	Sept. 2	Sept. 1
Australian dollar	0.817	0.816	0.815	0.814	0.813	0.812	0.811	0.810
British pound	1.795	1.794	1.793	1.792	1.791	1.790	1.789	1.788
Canadian dollar	0.715	0.714	0.713	0.712	0.711	0.710	0.709	0.708
Deutsche mark	1.635	1.634	1.633	1.632	1.631	1.630	1.629	1.628
French franc	6.545	6.544	6.543	6.542	6.541	6.540	6.539	6.538
Italian lira	1,375	1,374	1,373	1,372	1,371	1,370	1,369	1,368
Japanese yen	163.5	163.4	163.3	163.2	163.1	163.0	162.9	162.8
New Zealand dollar	0.475	0.474	0.473	0.472	0.471	0.470	0.469	0.468
Swedish krona	4.665	4.664	4.663	4.662	4.661	4.660	4.659	4.658
Swiss franc	1.485	1.484	1.483	1.482	1.481	1.480	1.479	1.478
Taiwan dollar	1.635	1.634	1.633	1.632	1.631	1.630	1.629	1.628
U.S. dollar	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Changes in London, Tokyo and Zurich, relative to other centers. New York rates of 4 P.M. or corrected for time zone differences. All rates are subject to change without notice. (All rates are subject to change without notice.)

Other Dollar Values

Currency	Per \$	Currency	Per \$	Currency	Per \$
Argentine peso	2,000	Philippine peso	48.00	S. African rand	2.00
Australian dollar	0.817	Singapore dollar	1.360	Soviet ruble	0.002
British pound	1.795	Taiwan dollar	1.635	Thai baht	0.025
Canadian dollar	0.715	Yen	163.5	West German mark	1.635
Deutsche mark	1.635				

Interest Rates

Currency	Per \$	Currency	Per \$	Currency	Per \$
3-month T-bill	7.125	3-month Euro	7.125	3-month Yen	7.125
6-month T-bill	7.125	6-month Euro	7.125	6-month Yen	7.125
1-year T-bill	7.125	1-year Euro	7.125	1-year Yen	7.125

Key Money Rates

Currency	Per \$	Currency	Per \$	Currency	Per \$
3-month T-bill	7.125	3-month Euro	7.125	3-month Yen	7.125
6-month T-bill	7.125	6-month Euro	7.125	6-month Yen	7.125
1-year T-bill	7.125	1-year Euro	7.125	1-year Yen	7.125

U.S. Money Market Funds

Fund	Assets	Assets	Assets
Mutual Shares	1,654	1,654	1,654
Investment	1,654	1,654	1,654
Money	1,654	1,654	1,654

Asian Dollar Deposits

Currency	Per \$	Currency	Per \$	Currency	Per \$
3-month T-bill	7.125	3-month Euro	7.125	3-month Yen	7.125
6-month T-bill	7.125	6-month Euro	7.125	6-month Yen	7.125
1-year T-bill	7.125	1-year Euro	7.125	1-year Yen	7.125

Gold

Currency	Per \$	Currency	Per \$	Currency	Per \$
3-month T-bill	7.125	3-month Euro	7.125	3-month Yen	7.125
6-month T-bill	7.125	6-month Euro	7.125	6-month Yen	7.125
1-year T-bill	7.125	1-year Euro	7.125	1-year Yen	7.125

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AIRES • SANTIAGO • MONTEVIDEO • CARACAS • MEXICO  
CITY • PUNTA DEL ESTE • RIO DE JANEIRO • SAO PAULO

FIGURES AS AT DECEMBER 31, 1986:  
**TOTAL ASSETS:**  
US \$168 billion  
**SHAREHOLDERS' EQUITY:**  
US \$16 billion



NYSE Most Active					
Vol.	High	Low	Last	Chg.	
10184	179 1/2	179 1/2	179 1/2	+1 1/2	IBM
10184	179 1/2	179 1/2	179 1/2	+1 1/2	IBM
10184	179 1/2	179 1/2	179 1/2	+1 1/2	IBM
10184	179 1/2	179 1/2	179 1/2	+1 1/2	IBM
10184	179 1/2	179 1/2	179 1/2	+1 1/2	IBM

Market Sales	
NYSE 4 a.m. volume	242,860,000
NYSE 4 a.m. volume	242,860,000
NYSE 4 a.m. volume	242,860,000
NYSE 4 a.m. volume	242,860,000
NYSE 4 a.m. volume	242,860,000

NYSE Index				
High	Low	Close	Chg.	
179 1/2	179 1/2	179 1/2	+1 1/2	NYSE
179 1/2	179 1/2	179 1/2	+1 1/2	NYSE
179 1/2	179 1/2	179 1/2	+1 1/2	NYSE

Tuesday's NYSE Closing	
NYSE	179 1/2
NYSE	179 1/2
NYSE	179 1/2
NYSE	179 1/2

AMEX Diary	
Advanced	179 1/2
Advanced	179 1/2
Advanced	179 1/2
Advanced	179 1/2

NASDAQ Index	
Close	179 1/2
Close	179 1/2
Close	179 1/2
Close	179 1/2

AMEX Most Active	
Vol.	179 1/2
Vol.	179 1/2
Vol.	179 1/2
Vol.	179 1/2

Dow Jones Bond Averages	
Class	179 1/2
Class	179 1/2
Class	179 1/2
Class	179 1/2

NYSE Diary	
Advanced	179 1/2
Advanced	179 1/2
Advanced	179 1/2
Advanced	179 1/2

Odd-Lot Trading in N.Y.	
Buy	179 1/2
Buy	179 1/2
Buy	179 1/2
Buy	179 1/2

Dow Jones Averages	
Open	179 1/2
Open	179 1/2
Open	179 1/2
Open	179 1/2

Standard & Poor's Index	
High	179 1/2
High	179 1/2
High	179 1/2
High	179 1/2

NASDAQ Diary	
Advanced	179 1/2
Advanced	179 1/2
Advanced	179 1/2
Advanced	179 1/2

AMEX Stock Index	
High	179 1/2
High	179 1/2
High	179 1/2
High	179 1/2

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

## NYSE Posts Widespread Losses

United Press International

NEW YORK — Prices on the New York Stock Exchange posted widespread losses Tuesday as rising interest rates spurred nervous investors to look in some of the huge profits produced by the bull market. But prices finished well above the day's lowest levels.

The Dow Jones industrial average, which fell 71.97 last week and 70.15 the week before, dropped 16.26 to 2,545.12. Earlier in the session, the Dow was down about 62 points. The blue-chip barometer has fallen 177 points since reaching a high of 2,722.42 on Aug. 25.

Declines swamped advances by a 13-2 ratio. Volume amounted to 242.88 million shares, up from 129.07 million Friday before the holiday weekend. But about one-sixth of that activity was due to trading in Pacific Gas & Electric, which starts trading ex-dividend Wednesday.

Broad market indexes fell. The New York Stock Exchange index lost 1.99 to 175.59. Standard & Poor's 500-stock index skidded 3.14 to 313.56. The price of an average share fell 47 cents.

Traders said that weak bond prices, futures-linked selling and the desire to cash in on paper profits amid persistent worries about higher interest rates and the dollar's stability contributed to the market's losses.

"We had a lot of sell programs from the moment the market opened," said Monte Gordon, research director at Dreyfus Corp. "The market is uncomfortable."

Mr. Gordon said that traders were worried that government figures on the U.S. man-

dise trade deficit in July would push the dollar into another decline. The trade deficit report is due Friday.

Investors seem to be of two minds — both of them gloomy — about measures to support the U.S. currency. Some worry that the Federal Reserve Board's half-point increase of its discount rate Friday to 6 percent from 5.5 percent was not drastic enough to boost the dollar. Others fear that rising interest rates could harm the economy.

There is a fear that the Fed Chairman, Alan Greenspan, "won't defend the dollar and also that too strong an action could hurt the economy," Mr. Gordon said.

Pacific Gas & Electric was the most active NYSE-listed issue, down 1/4 to 19% on about 41.6 million shares. The stock, which yields about 9.7 percent, begins trading ex-dividend Wednesday.

AT&T followed, sliding 1/4 to 32 1/2. GAF was third and the session's biggest point-gainer with an advance of 1 1/4 to 66 1/2. The maker of specialty chemicals and building materials said it received a management-led buyout offer worth \$2.3 billion in cash and securities.

Newmont Mining rose 1/4 to 90 1/4. A group led by T. Boone Pickens began a cash tender offer for 28 million shares of Newmont at \$95 a share.

General Electric slid 1/4 to 59 1/4. IBM fell 3/4 to 157 1/4. USX fell 1/4 to 33 1/4. Philip Morris dropped 1/4 to 11 1/4 and American Express slid 1/4 to 35 1/4.

12 Month	High	Low	Open	Close	Chg.
12 Month	High	Low	Open	Close	Chg.
12 Month	High	Low	Open	Close	Chg.
12 Month	High	Low	Open	Close	Chg.
12 Month	High	Low	Open	Close	Chg.

### FIDELITY WORLD FUND

Société d'investissement à Capital Variable  
13, Boulevard de la Foire, Luxembourg  
R.C. Luxembourg B 9497.

#### Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Shareholders of FIDELITY WORLD FUND, a société d'investissement à capital variable organized under the laws of the Grand Duchy of Luxembourg (the "Fund"), will be held at the principal and registered office of the Fund, 13, Boulevard de la Foire, Luxembourg, at 11:00 a.m. on September 29, 1987, specifically, but without limitation, for the following purposes:

1. Presentation of the Report of the Board of Directors.
2. Presentation of the Report of the Statutory Auditor.
3. Approval of the balance sheet at May 31, 1987, and income statement for the fiscal year ended May 31, 1987.
4. Discharge of Board of Directors and the Statutory Auditor.
5. Ratification of the co-optation of Compagnie Fiduciaire as Director.
6. Election of eight (8) Directors, specifically the reelection of all present Directors, Messrs. Edward C. Johnson and William L. Barnes, Charles A. Fraser, Hisashi Kurokawa, John M. Patton, Harry C.A. Seygerman, H.V. van den Hoven and Compagnie Fiduciaire.
7. Election of Gappone & L. as Statutory Auditor.
8. Declaration of a cash dividend from net investment income for the year ended May 31, 1987 to the shareholders of record on October 6, 1987, payable October 29, 1987, and authorization of the Board of Directors to declare further dividends in respect of fiscal year 1987 if necessary to enable the Fund to qualify for "distributor" status under United Kingdom tax law.
9. Consideration of such other business as may properly come before the meeting.

Approval of the above items of the Agenda will require the affirmative vote of a majority of the shares present or represented at the Meeting, with no minimum number of shares required to be present or represented at the Meeting in order to establish a quorum. Subject to the limitations imposed in law and the Articles of Incorporation of the Fund, each share is entitled to one vote. A shareholder may vote in person or by proxy.

BY ORDER OF THE BOARD OF DIRECTORS  
Date: August 31, 1987.

### GOVERNMENT SECURITIES FUND

Annexion de mise en paiement d'un dividende

Un dividende intermédiaire de U.S. \$3 par part sera mis en paiement à partir du 15 septembre 1987, contre remise du coupon n° 8 des certificats au porteur à la

BANQUE PRIVEE EDMOND DE ROTHSCHILD S.A.  
Succursale du Luxembourg  
20, Boulevard Emmanuel Servais  
2535 Luxembourg  
à partir du 15 septembre 1987, la part sera cotée ex-dividende en bourse de Luxembourg.

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### LVMH

#### MOÛT HENNESSY LOUIS VUITTON

##### SHAREHOLDERS APPROVE MERGER

At meetings held in Paris on September 2, 1987 shareholders of Moët Hennessy and Louis Vuitton voted to approve the merger announced by both companies in June. The company is henceforth called LVMH Moët Hennessy Louis Vuitton.

Shareholders also ratified the exchange ratio of one Moët Hennessy share for 2.1 Louis Vuitton shares.

To facilitate the exchange of shares, a six-for-five stock split will be voted on by the board of directors of LVMH at its next meeting on September 16, 1987. If approved:

- Shareholders of Louis Vuitton will receive one share of LVMH in exchange for two shares of Louis Vuitton.
- Shareholders of Moët Hennessy will receive six shares of LVMH for five shares of Moët Hennessy.

The exchange of shares will commence on October 23, 1987 at which time trading in the LVMH Moët Hennessy Louis Vuitton shares will begin on the Paris Bourse. Until that date, the shares of the two companies will continue to be quoted separately.

Guidelines of the new company for the seven months ended July 31, 1987 reached 6.1 billion French Francs, an increase of 18.5% over sales for the same period in 1986. Most segments are ahead of plan for the year to date.

12 Month	High	Low	Open	Close	Chg.
12 Month	High	Low	Open	Close	Chg.
12 Month	High	Low	Open	Close	Chg.
12 Month	High	Low	Open	Close	Chg.
12 Month	High	Low	Open	Close	Chg.

## Chopard

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12 Month	High	Low	Open	Close	Chg.
12 Month	High	Low	Open	Close	Chg.
12 Month	High	Low	Open	Close	Chg.
12 Month	High	Low	Open	Close	Chg.
12 Month	High	Low	Open	Close	Chg.

Floating-Rate N	
Dollars	
12 Month	High
12 Month	Low
12 Month	Open
12 Month	Close
12 Month	Chg.

مكتبة النور











## BUSINESS ROUNDUP

## BAe Profit Fell 11% in Half

By Warren Geller  
International Herald Tribune

LONDON — British Aerospace PLC said Tuesday that pretax profit in the first half fell 11 percent to \$71 million (\$118 million) from \$80 million a year earlier, as the weak dollar battered the group's earnings on civil aircraft.

Revenue for the aircraft and weapons manufacturer climbed 31 percent to \$1.39 billion, from \$1.44 billion in the year-earlier period.

Most analysts had expected pretax earnings to be unchanged, and the lower results led many to reduce their profit projections for the full year by around 10 percent.

Net profit in the first-half dropped 18 percent to \$46 million from \$56 million the previous year.

Although the group's shares slipped to 502 pence shortly after the results from Monday's 505 pence finish, they later closed higher at 509 pence.

BAe's group chief executive, Sir Raymond Lygo, said that the pound's appreciation against the

dollar to \$1.61 on June 30 from \$1.48 in January hurt the civil aircraft division's profitability. It reduced both the company's ability to sell planes at competitive prices and the return on existing fixed-price dollar contracts.

Operating profit for the first half fell 5.2 percent to \$91 million, with the civil aircraft division suffering a loss of \$49 million, up sharply from the \$25 million loss in the first half of 1986.

In contrast, military aircraft posted a 13 percent increase in operating profit to \$30 million, and the weapons-systems division generated a sharp 59 percent hike in operating profit to \$89 million.

The company said that more than half of the \$49 million loss for civil aircraft was due to BAe's involvement in Airbus Industrie, the unprofitable European aircraft consortium in which BAe owns a 20 percent stake. For the first time, BAe is writing off its losses.

"In previous years, BAe's participation in Airbus was reported as a

break-even result," said Robert Pringle, aerospace analyst with Hoare Govett, the London brokers. "But as a result of adverse exchange-rate developments, the group envisages a significant loss on that Airbus participation and has decided to take a write-off now."

Sir Raymond said that he expected civil aircraft to report an operating loss for the full year — after an \$8 million loss in 1986 — because of the dollar's decline.

Company executives said the company intends to cut costs in this division and to increase the level of dollar-priced components used in manufacturing BAe planes.

As a result of Tuesday's results, Mr. Pringle said he lowered his pretax profit projection for BAe to \$155 million from \$170 million. The company recorded pretax earnings of \$182.2 million in 1986. The Hoare Govett analyst said he expects BAe's pretax profit to recover to \$205 million in 1988.

## New Chairman Seen at Bank Leu

ZURICH — Kurt Schlitz, a former director of the Swiss National Bank, was announced Tuesday as the prospective new chairman at Bank Leu, a Swiss bank hit by the scandal involving British brewer Guinness PLC.

Mr. Schlitz is to replace Arthur Fueter, who announced his resignation in June following revelations in the Guinness case.

Mr. Fueter and other Leu officials maintained the bank's involvement with the Guinness case was proper. The bank bought about \$115 million (\$187 million) Guinness shares during the company's successful bid for Distillers Co. last year.

## Hill Samuel Fires 2 Directors For Trying to Sell a Division

LONDON — Hill Samuel Group PLC, the British merchant bank, said Tuesday it had dismissed two senior executives for holding unauthorized negotiations for the sale of a key part of its operations.

The two men, Trevor Swete and Christopher Roshier, both directors of the merchant bank, were the top two executives in Hill Samuel's 130-member corporate finance department and were well-known as takeover specialists.

They were fired for "conducting unauthorized discussions with a third party over the future of the department," Hill Samuel said. After the announcement, Hill Samuel's share price fell 20 pence to 662 pence (\$11.01) a share.

The dismissal of two senior officials is the second setback in recent

weeks for Hill Samuel, and the two events are clearly linked.

On Aug. 19, after five weeks of discussions, Hill Samuel admitted that a previously announced and much-touted plan to merge with Union Bank of Switzerland had been rejected by the Swiss bank.

The decision left the staff of the British merchant bank demoralized.

The corporate finance department was one of the Hill Samuel operations that most interested UBS. The unit advised on 39 takeovers valued at \$6.8 billion in 1986.

The men apparently were negotiating the sale of much of the unit to an outside firm. According to a Hill Samuel director, the deal would have included compensation for the merchant bank and would not have been a mere walkout by corporate finance specialists.

## Daihatsu Seeks Niche In Crowded U.S. Market Carmaker Cites Strategic Necessity

By John Hoshua  
New York Times Service

LOS ALAMITOS, California — "What is a Daihatsu Charade?" said C.R. Brown, repeating a question put to him. "We say it is the name of your next new car."

Maybe. Daihatsu Motor Co. Ltd. is the ninth and last of the Japanese automobile companies seeking a piece of the U.S. market. But its lone initial model, the Charade, is a four-seat subcompact with an odd name and an undefined image in a market filled with small cars bearing the names of established companies.

And more cars are arriving steadily from countries without the currency problems of Japan, whose strong yen, compared with the dollar, has made its products more expensive in the United States.

In addition, the company has been granted a minuscule 1987 export quota of only 11,498 cars by the Japanese government, which has voluntarily limited car shipments to the United States. Daihatsu has no assurances that its allocation will be increased in the future.

Mr. Brown, executive vice president and chief operating officer of Daihatsu America Inc., says that the move into the United States is a strategic necessity. Daihatsu officials believe their company must operate in all of the major automotive markets as a hedge against a sharp downturn in any single region, he said.

Mr. Brown believes the Charade can fill a niche in the U.S. small-car field. With new products to come in future years, including a small four-wheel-drive vehicle similar to the popular Suzuki Samurai, Daihatsu plans to build a nationwide network of 750 dealers.

So far, it has had no trouble finding dealers willing to sell its cars and expects to have 130 signed up by Dec. 1, when the Charade will go on sale in nine Western and Southwestern states.

Despite the Charade's small size — 12 feet (3.6 meters) long, about the same as the Chevrolet Sprint made by the Suzuki Motors Corp. — and three-cylinder engine, it will not be positioned against such very low-priced models as the Yugo from Yugoslavia and the Hyundai Excel from Korea.

Instead, it will be introduced as a "high-line, entry-level car" with three equipment and trim levels in the \$6,000-to-\$10,000 price range. It will get more than 40 miles per gallon (16.8 kilometers per liter) in combined city and highway driving, Daihatsu officials predict.

The car is sold around the world under the Charade name — an intentional play on the English word. "The idea is that even though it is a small car, it doesn't feel small when you are inside it," said Joshua Ryan, a Daihatsu America official. "It's a charade of a roomy, spacious car."

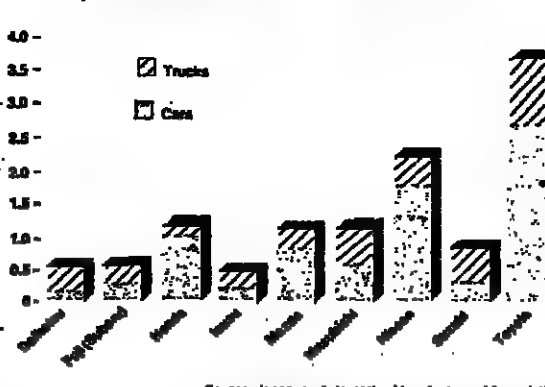
Mr. Brown added: "It's a car where you can move down in size from a larger, more expensive car without sacrificing your pride of ownership and creature comforts. We think that is an open niche. We don't think anyone else is there now."

If the Charade and subsequent models are well received in the West and Southwest, regions that traditionally have been most hospitable to new imported models, Daihatsu plans to expand around the country in a counterclockwise direction, adding the Gulf States, then the mid-Atlantic region, the Northeastern states, the Middle West and finally the Northwest.



Production of Japan's Car Makers

Daihatsu, which makes three times as many trucks as cars, is the last of the nine car manufacturers to enter the American market. Shown: 1986 output in millions of units.



Daihatsu is already selling some vehicles in the United States, though it has had a low profile. It markets under its own name the Hijet, a small utility vehicle used in industrial and agricultural applications, and it supplies a small van sold here by Toyota.

Toyota owns 14.8 percent of Daihatsu and lists the smaller company among its affiliates.

Hyundai of Korea has proved that it is still possible for a newcomer to make it in America: Its Excel, which was introduced last year, is one of the best-selling cars in the country. But with the General Motors Corp. and the Ford Motor Co. also bringing in similar small cars from South Korea and Mexico, some question whether Daihatsu will be able to establish a distinct image and repeat the success of Hyundai.

"That's becoming an incredibly tight market," said Thomas O'Grady of Integrated Automotive Resources, a market research company. "The Japanese typically try to establish themselves in a market and worry about profits later, but Daihatsu is going to have a tough time getting their foot in the door."

Officials of GM's Chevrolet division recently estimated that there are more than 400 automotive nameplates (such as Chevrolet Camaro) on sale in the United States and predicted that a shakeout is coming.

## Pickens Begins Offer For Newmont

United Press International

DALLAS — Ivanhoe Partners, a group led by T. Boone Pickens, began Tuesday a \$95-a-share cash tender offer for Newmont Mining Corp., strengthening its own earlier \$5.68 billion bid for the New York gold, coal and energy company.

Ivanhoe already has a 9.95 percent stake in Newmont. The tender offer is for 28 million common shares at \$95 a share or about \$2.66 billion. If all the stocks are tendered, the Pickens group would own 34.6 million shares of Newmont, out of the 66 million outstanding.

Newmont's stock Tuesday closed up \$3.75 at \$90.25 on the New York Stock Exchange.

The tender offer is set to expire at midnight Oct. 5 unless extended.

An Ivanhoe statement said the partners had committed \$600 million in cash to the offer.

Analysts said the tender offer was an attempt by the Pickens group to preempt a counterproposal by Consolidated Gold Fields PLC, which owns 26.2 percent of Newmont. The tender offer also was seen as a ploy to reduce the adverse impact arising from a rejection of the buyout offer.

Consolidated could make the acquisition more difficult and costly for Mr. Pickens by raising its stake in Newmont. However, the London company thus far has made no such move.

Newmont has several options to frustrate Pickens, analysts say. The company could start buying into Mr. Pickens's Mesa Limited Partnership as a counterthreat.

Or it could distribute the gold shares to its shareholders as dividends, thereby stripping the company of its gold assets. This would also cause Newmont's stocks to plunge and cut into Mr. Pickens's profits.

## SCHOOLS: Weak Dollar Means Troubled Times at American Academies in Europe

(Continued from Page 1)

Brussels, enrollment has fallen from 1,160 students two years ago to 900 this year.

At the American School in London, student enrollment has dropped in the past two years from more than 1,400 to less than 1,200.

A spokesman for the International School of Geneva said that the percentage of American students enrolled in the school had declined from almost 30 percent in 1980 to about 16 percent this year.

The American schools have high operating costs. In Paris, the average teacher's salary is 180,000 francs (\$30,000). Most of the schools receive little or no U.S. government funding and generally pay high taxes in their host countries.

The Paris school pays the equivalent of 54 percent of its employees' salaries to the government to cover benefits and other charges. Last year that figure approached 30 million francs, more than one-third of the school's total budget.

The schools' dependence on the strength of American business

abroad is, naturally, heavy as a result.

Mr. Moriarty, echoing the estimates of administrators of other American schools in Europe, said that Americans now account for only about half of enrollment at the Paris school, compared with 70 to 80 percent seven years ago.

The schools' annual budgets have suffered. Expenditures at the Paris school have dwindled consistently over the past three years. Its 1987-88 budget is projected at around 41 million francs, nearly 6 million francs less than the previous year.

But for administrators, understanding the roots of the problem and coping with it are two different things.

"It is easy enough to see what is happening," said Bill Harris, headmaster of the American School in London. "But we can only make adjustments after the fact. Making specific budgetary plans for the future is practically out of the question."

Mr. Harris said that the London

school was particularly hard hit last year when oil prices tumbled and many of the families of oil company executives returned to the United States.

"Students whose parents were Exxon or Mobil were here one year and then gone," Mr. Harris said. "Obviously that created a significant and sudden change in our finances."

Mr. Moriarty said that enrollment at the Paris school also has suffered from a lingering fear of terrorism in Europe and from "the simple demographic fact" that there are fewer school-aged children than there were five years ago.

"I think there is still the incorrect perception that Europe is a dangerous place to live, that terrorism is happening in the streets every day," he said. "I suppose that makes some business people that much less inclined to accept an overseas position."

The schools have adopted austerity measures over the past two years to cope with the fall in revenue. They have scrapped plans for expansion and renovation, reduced

spending on extracurricular activities, asked parents to foot more of the bills, and in some cases, reduced staff through layoffs or attrition.

At the Brussels school, 21 of the school's 106 teachers were "let go" in the past year because of the decline in enrollment and revenue. The staff reductions will not only increase the ratio of students to teachers, but may limit the curriculum.

Despite such measures, school administrators see a tough year ahead. Tuition at the Paris school, for example, which currently ranges from 49,000 and 59,000 francs per year depending on the level of the student, is not being raised for the first time in years.

The reason? Competition. Other schools in or near Paris, including Marymount, a parochial grade school, and the Lycée Saint-Germain, offer similar curricula at comparable costs.

"As much as we could have used the money, this year particularly, we found that we could not continue to raise tuition each year," Mr.

Schaible said. "It was becoming more and more clear that the American School is not the only game in town."

Yet some school administrators in Paris and London say that the worst of their difficulties may be almost over. They cite political change as a factor in their favor.

In London, for example, school officials say that the deregulation of the stock market last year has begun attracting smaller, more diverse American businesses, helping to fill the vacuum left by the exodus of oil executives.

In France, where the government of Prime Minister Jacques Chirac has lowered taxes on businesses and created "corporate tax-free" zones, some school officials are hoping that international business will increase and help replenish the Paris school's resources.

"The legislation in France is again moving in the right direction," Mr. Blackwood said. "I think we will begin to see more American and other foreign executives in France which, needless to say, can only help us."

## Caesars Offers to Buy Back Up to \$400 Million in Stock

By William Glaberson  
New York Times Service

NEW YORK — In a new twist to one of the year's longest-running takeover battles, Caesars World Inc. began a tender offer for nearly a-third of its shares Tuesday that could cost it up to \$400 million.

The U.S. casino and resort operator said that shareholder bids would set the price that the company pays for 31 percent of its shares.

The company's management had struggled earlier this year to avert an acquisition by the New York investor Martin T. Sosnoff, whose 12 percent stake in Caesars makes him the largest stockholder.

The company said it would buy the stock for \$29.50 to \$34 a share. Caesars World shares closed Tuesday at \$29.50, up 25 cents, on the New York Stock Exchange.

The company also said it was abandoning a recapitalization effort that it advanced in April while

fighting to defeat a sweetened \$35-a-share offer by Mr. Sosnoff. Last month, the New Jersey Casino Control Commission rejected the recapitalization, saying it was an "imprudent, risky" strategy.

Caesars said Monday it would pay a single price for each of the 11 million shares it is prepared to buy. The price will be set by a computation based on the number of shares tendered and the prices specified by the shareholders. It said it would finance the repurchase with a new debt offering and other borrowing.

Mr. Sosnoff said last week he had contacted Caesars and expressed interest in renewing his bid, which was withdrawn in June. He said Caesars had not responded.

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## CURRENCY MARKETS

## Dollar Lower Despite Intervention

**Compiled by Our Staff From Dispatches**

**NEW YORK** — The dollar edged lower in New York on Tuesday compared with Friday's levels after trading narrowly mixed in Europe, despite another round of concerted central bank support.

The U.S. markets were closed Monday for the Labor Day holiday.

"It was a real thin market, almost like a holiday," said Earl Johnson of Harris Trust and Savings Bank in Chicago. "Friday is the whole ballyhoo this week," he added, referring to the scheduled release Friday of the report on the U.S. merchandise trade balance in July. The dollar has been in a steady decline since the June report showed the trade deficit had widened to \$15.7 billion from the revised \$14 billion shortfall in May.

"The market is looking for \$16 billion on Friday," Mr. Johnson said. "Some people are saying the market has already discounted it, but I think it will prompt dollar selling." He said the trade deficit would have to be around \$12 billion to \$13 billion to help the dollar, given the market's decidedly bearish sentiment.

London Dollar Rates	
Currency	Rate
Deutsche mark	1.7920
Swiss franc	1.4850
Japanese yen	148.40
British pound	1.6015
French franc	6.5115

In New York, the dollar closed lower at 1.7920 Deutsche marks, down slightly from 1.7970 on Friday, at 141.60 yen, after 142; at 1.4860 Swiss francs from 1.4835 and at 6.0015 French francs after 6.0115.

The British pound also gained against the U.S. currency, to \$1.6015 from \$1.6025.

The main trading feature was the unified intervention by European central banks to support the dollar at around 1.7905 DM in early European trading, dealers said. The Bank of Japan also bought a small amount of dollars in Tokyo.

The intervention prompted immediate short-covering that sent the dollar up to 1.7960 DM.

The Federal Reserve was not detected in the open market, but the fear of intervention proved to be as

effective as intervention itself, dealers said.

Several analysts said they doubted whether the banks would resist any more heavy selling pressure. They said that Tuesday's intervention had been relatively light, aimed more at smoothing the dollar's descent rather than reversing the trend.

In London, the dollar closed at 1.7920 Deutsche marks, unchanged from Monday but up from an opening of 1.7900, its lowest traded level against the mark since early June.

The U.S. currency ended at 141.65 yen, down from 141.80. It closed unchanged against the British pound, which ended at \$1.66.

The pound was trading in the dollar's shadow. It ended at 73.2, one basis point lower on the trade-weighted index against a basket of currencies.

Earlier in Europe, the dollar was fixed in Frankfurt at 1.7930 DM, down from 1.7935 DM at Monday's close, and in Paris at 6.0005 French francs, up from 5.9990. It closed in Zurich at 1.4857 Swiss francs, up from 1.4850.

(Reuters, UPI)

## Central Banks Back Technical EMS Changes

**Basel, Switzerland** — European Community central bank governors have agreed to significant technical changes in the European Monetary System to avoid the acrimony that marked the last realignment of currencies, the governor of the Bank of Italy said Tuesday.

Carlo Ciampi said that the officials unanimously agreed on the changes, but he refused to provide details.

He said that the accord covered the EMS's exchange rate mechanism only and did not address multilateral intervention, a major point of contention between France and West Germany. But he said that topic would be considered later.

The report was commissioned after France and West Germany criticized each other's tactics during a realignment of the eight EMS currencies in January.

## SHENZHEN: A Hong Kong 'Colony' Grows as Firms Shift Output to China

(Continued from first finance page)

cent of our production is being moved to China. As far as toys go, without China you're not competitive at all."

Applied Electronics has nearly 5,000 employees in China, compared with just 280 in Hong Kong. Although the Chinese workers are not as proficient as those in Hong Kong, the lower labor costs make the shift worthwhile. The company pays assembly line workers in China the equivalent of \$77 a month, compared with \$333 a month in Hong Kong.

"They already are at 80 percent of Hong Kong's efficiency," Mr. Hung said. "But I expect they will catch up." He said that turnover "in employees is 0.5 percent per year, compared with about 20 percent in Hong Kong."

Yet Hong Kong managers certainly do not find manufacturing in China trouble-free. Like their U.S., Japanese, and European counterparts, they complain about China's bureaucracy, poor infrastructure, and inattention to quality.

"It's very frustrating to be a manager here," said Eddy K.W. Yip, a manager in China for Hong Kong-based Luk's Industrial Co., a one-third owner of an electronics television factory in Shenzhen.

"Workers are very sloppy here, and there is no tradition of a work ethic in China. In Hong Kong, if you don't work, you're out the door."

Its facility in Shenzhen, which employs 1,100 Chinese workers under 22 Hong Kong managers, doubled production in May and plans further increases so it can manufacture 500,000 televisions a year in 1988.

Shenzhen's labor costs are rising as more Hong Kong companies open factories in the region, but workers are also streaming into the area from other parts of China. Critics point out that Shenzhen has attracted less investment than planners had hoped. But the workers' enthusiasm and the Communist Party's increasing flexibility in employment matters reflect China's drift toward free markets.

Hong Kong companies are more profitable and successful than other companies in dealing with China for several reasons, analysts say. Among the most important:

- They have less at risk because frequently they do not invest their own capital. They simply place or

• Their managers speak the local dialect, know the customs, and can often bargain more effectively with officials.

"We know the tricks," said Vincent H.C. Cheng, chief economist of Hongkong & Shanghai Banking Corp. "We know how to get around

**One drawback is that Chinese employees on assembly lines pause to chat, leaving those down the line with nothing to do. Yet Hong Kong managers say they are slowly succeeding in accelerating output.**

ders for products and work closely with the Chinese supplier to ensure high quality.

• They usually operate on a small scale. That reduces the layers of bureaucracy and allows more flexibility. Often a Hong Kong businessman hires relatives in China to supervise a "factory" of perhaps only a dozen workers.

• They are mostly interested in the export market rather than manufacturing for China. That fits in neatly with China's own desire to convert revenue in Chinese money into hard currency.

the problems. We know China better than the Japanese or Americans."

But Roderick W. MacNeil, a Hong Kong-based consultant, said that the Hong Kong Chinese face the same problems as the big American or European corporations when they tackle a large-scale venture aimed at the mainland's domestic market. Mr. MacNeil advises companies that are considering the China market.

Hong Kong executives say that the key to successful manufacturing in China is to oversee the production as closely as possible and

to make the labor force as flexible as possible. The executives are always on hand, ready to reject goods that are not quite right.

"You really have to do your own supervision," said David C.W. Yeh, managing director of Universal Matchbox Ltd., a Hong Kong toy manufacturer. "If you let them do it, you end up with disaster."

The problem seems to be that some Chinese workers are unaccustomed to the standards that foreign markets demand and see no reason not to sell a shirt just because one sleeve is longer than the other.

In addition, although workers in China are prepared to stay on the job for many hours, there is little tradition of working hard. Even at the most successful factories in Shenzhen, employees on an assembly line pause to chat, leaving those down the line with nothing to do.

Yet Hong Kong managers say they are succeeding in accelerating production. They test workers speed before hiring them, and sometimes pay by the piece instead of by the hour. Increasingly, they are acquiring the right to fire those who steal or perform poorly.

The workers come from all over China to work in Guangdong province, lured by wages two or three times higher than they could get anywhere else.

Overall, the Wisegroup investors say, the cost of production at its knitwear garments factory in Shenzhen is about 75 percent below that of production in Hong Kong.

As companies in China become more efficient and quality-conscious, they might be able to bypass Hong Kong managers, some executives say. Already some companies in China export directly and handle their own design and marketing. But their efforts usually are not as successful.

"It may take 5 or 10 years for China to establish its own reputation," said Thomas M.H. Chan, a specialist on business in China at Hong Kong University, "so for that time period at least, it must depend on Hong Kong."

## Move by U.S. Fed Unlikely to Change Bonn's Credit Policy

**Frankfurt** — The half-point increase in the U.S. Federal Reserve's discount rate last week has increased pressure for similar Bundesbank action to curb West German inflation, money market analysts said Tuesday.

However, concern about a dollar collapse and a sluggish economy should ensure that the Bundesbank, West Germany's central bank, does not alter its credit policy at its regular council meeting on Thursday.

The official discount and Lombard rates should still be left at 3 and 5 percent respectively, and the key short-term call money rate is likely to hold in a range of 3.5 to 3.9 percent.

"The Bundesbank is in a dilemma," said Dieter Wemuth, head of portfolio management and research at Manufacturers Hanover

Trust Co. in Frankfurt. "In some ways, it should be tightening policy. In others, it should be easing. It will probably just leave credit policy where it is."

Although the growth in German money supply has shown signs of tapering off and increases in consumer prices are subdued, they remain a source of concern for the anti-inflation hardliners within the Bundesbank.

The central bank's money stock grew at an annualized rate of 7.3 percent in July, down from June's 7.95 percent but well above the Bundesbank's 1987 target range of 3 to 6 percent.

David Marx, European economist at S.G. Warburg Securities in London, said, "The Bundesbank still feels it has to regain control of money supply although it does not

necessarily want to bring it down to within target."

August consumer prices fell 0.1 percent from July but were 0.8 percent higher than in July 1986.

Heinrich Schlesinger, vice president of the Bundesbank, said last week that consumer prices would show a 1.5 to 2 percent increase over last year by the end of 1987.

"That is a little more than we would wish for," he said, "but it is a result which could almost be called stability."

While it might be tempting to nudge interest rates higher and halt inflation pressures, analysts warned that such tactics could backfire as they did in January when the Bundesbank ended up lowering its discount rate to 3 percent.

Tuesday's OTC Prices	
NASDAQ prices as of 4 p.m. New York time.	
Via The Associated Press	
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Tuesday's O
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SPORTS

# Soccer's Devil of a Time

International Herald Tribune  
LONDON — The devil has  
been in the eye of the soccer  
fan since the 1982 World Cup.

On Wednesday, England  
plays West Germany in Dis-  
seldorf. The same day, 26 Eng-  
lishmen may be extradited to  
stand trial in Belgium for the  
mass fighting that caused loss of  
life at Heysel stadium in Brus-  
sels over two years ago.

The "friendly" outing to Dis-  
seldorf represents the major test,  
since Heysel, of the viability of  
English soccer on the continent.

Crowd trouble would jeopard-  
ize English participation in next  
year's European championship  
finals in West Germany, and  
smash any return of English  
clubs to Europe.

The so-called Heysel 26 are  
promised justice, although extradi-  
tion itself suggests the British  
government has prejudged them.  
So have Italian lawyers, who  
jumped the gun in July when  
persuading a magistrate to order  
police to trace Juventus fans in-  
jured at the riot in order to sue  
the 26 — identified from video  
tapes — for damages.

We are entering an unprece-  
dented legal mine. It is hard to  
force an impartial trial in Bel-  
gium, where the defendants are  
widely called "the hooligans."

How can it be just that 26 out  
of hundreds who contributed to  
39 deaths should be tried? How  
can UEFA, criminally negligent,  
in sending such a crowd to such  
a unsafe stadium, now sit in  
happy judgment on whether the  
English are fit for Europe's play-  
ground?

Post-Heysel, UEFA has in-  
sistently permitted England's na-  
tional team, now on trial in Dis-  
seldorf, to escape the ban on her  
clubs. Yet hooliganism had all  
but invariably accompanied Eng-  
land trips for a decade. Club-  
related violence was sporadic un-  
til the Liverpool-Juventus  
European Cup final in Brussels.

The 26 have been imprisoned  
on remand in London. Their  
hearing may not begin until the  
end of the year, when two Bel-  
gian police chiefs and the Bel-  
gian FA secretary will also be in  
the dock, accused of mismanage-  
ment of crowd control and ticket  
distribution.

Heaven help us if just one of  
the 26, or the police scapegoats,  
are found not guilty after their  
freedom and the lives of their  
families have been destroyed.

It is necessary to repeat that I  
have no compassion for anyone  
who knowingly contributes to  
death in a sports stadium, and in  
this context I regret being Eng-  
lish. But a dreadful order of re-  
venge waits in the administration  
of one Belgian government official:  
"Don't talk to us of scapegoats.  
We know who the victims are  
and where they are."

Alas, Justice Minister Jean  
Gol perhaps unwittingly touched



Denmark's Preben Elkjaer  
"Like a bunch of little lost boys."

the nub of things when he said:  
"Justice must not only be done,  
but appear to be done."

Let us pray that nothing wors-  
ens the tragedy on Wednesday.  
Some 6,000 English followers are  
expected in Dis-seldorf — 5,000  
of them members of British  
forces based there and ordered  
not to go to see their clubs.

Another thousand fans will  
mock British government advice  
to stay home and watch the  
match on telly. They're headed  
instead for planes and ferries.  
Newspapers have reported  
boasts from people threatening  
"action."

One 19-year-old Chelsea fan  
has organized a cut-rate excu-  
sion to Dis-seldorf. Our democ-  
racy is such that we have known  
for two weeks about Gawn  
Best's junket, and have no power  
to stop him.

Best's hired a 53-seat bus and  
offered a three-day package for  
under £50 (\$83). "This," he in-  
sists, "is supposed to be a free  
country. My bookings are from  
insurance brokers, people with  
pretty good accounts."

The young entrepreneur may  
be on an ego trip, but frightening  
was the repercussions should  
the Best-led plan run into a  
West German hooligan ambush,  
or should French, Belgian and  
Dutch thugs cross the border.

Ten days ago, "English-style"  
hooligans attacking themselves  
to Monaco, the club of Glenn  
Hoddie and Mark Hateley, were  
arrested in Cannes. Shaven-  
headed and draped in the Union  
Jack, they surprised police who

"thought the English were at it  
again." The hooligans were  
French, proving that pretenders  
can put the boot in as ruinously  
as the real thing.

We must hope that Wednes-  
day's sport grabs the headlines.  
West Germany and England may  
not top the artistry league,  
yet few teams are more competi-  
tive, more demanding on nerve  
and sinew — more combative, if  
I dare use the word.

Franz Beckenbauer needs the  
contest to test the side he is re-  
shaping after dispensing with all  
but three of his 1986 World Cup  
runners-up. Gone are Rummen-  
igge, Bruggel and Schuster; in-  
jured are Lothar Matthaus and  
Uwe Rahn, but England will be  
sorely tried by the speed and  
opportunism of Rodi Voller and  
Klaus Allofs.

It is ironic that, for a friendly,  
West Germany has obtained their  
release from Roma and  
Marseille, and that England has  
Gary Lineker and Hoddie from  
abroad.

Wales has no such luck. Its  
slender chance to qualify for the  
European championship rests on  
beating Denmark in Cardiff on  
Wednesday. It has failed to per-  
suade Juventus to allow Ian  
Rush to play.

Rush claims he is perfectly fit  
Juventus disagrees, and UEFA  
rules that the verdict of the Ju-  
ventus doctor is final. Quite right,  
but it will be interesting to see  
if Rush fails to make Juventus's  
league opener this Sunday.

Welsh suspicions are com-  
pounded because the other Ju-  
ventus goal-scorer, Michael Lan-  
drup, plays for Denmark against  
Wales despite a recent injury.

The Danes need his cutting  
edge. Not for a year has Den-  
mark reproduced its thrilling  
World Cup form, and Preben  
Elkjaer, the most explosive of  
forwards on his day, comments:  
"We have looked like a bunch of  
little lost boys who couldn't find  
our way to school."

By all accounts, Danish fan-  
ism in approach has foundered on  
profligate finishing. No one  
knows that frustration like France.

After European championship  
is over, history now. Defeat in the  
Soviet Union on Wednesday  
will finish the French — just as  
they reckon they've unearthed a  
true center-forward.

Azzone's Eric Cantona has  
emerged, according to Henri Mi-  
chel, the national team's manager,  
as "the goal-scoring France has  
been looking for."

Too late. Time has overlapped.  
Platini, Giresse and Tigana;  
gone are the cavaliers whose gifts  
might have saved the prodigy.  
The Soviets, having won com-  
fortably in Paris last fall, will  
surely complete the kill — strictly  
in the sporting sense, we trust.

# Rain Thwarts Quarterfinal Play in U.S. Tennis Open

Compiled by Our Staff From Dispatches

NEW YORK — Heavy rain  
halted play in the U.S. Open tennis  
championships here Tuesday.  
Helena Sukova of Czechoslova-  
kia, the No. 6 seed and a finalist  
here last year, was a 6-1 first-set  
winner in a quarterfinal against  
Candia Kohde-Kilsch, seeded  
ninth, but the West German was up  
by 2-1 in the second.

Meanwhile, Stefan Edberg, seed-  
ed second, led by 3-2 in the first  
of his fourth-round match with Swedish  
companion Jonas Svensson.

# Gilbert Stuns Becker; Connors Gains

By John Feinstein  
Washington Post Service

NEW YORK — It all seemed so  
simple. The dream quarterfinal  
matchups that everyone had hoped  
for were about to become reality.

Ivan Lendl had won in straight  
sets and so had John McEnroe.  
That was matchup No. 1. Jimmy  
Connors, hobbling on a bad foot,  
had outlasted Henri Leconte in  
four sets. All that was left was for  
Boris Becker to finish off Brad Gil-  
bert Monday night to create mat-  
chup No. 2: Becker vs. Connors.

Becker was up two sets and a  
service break, leading by 3-1. "I  
was having an easy time out there,"  
Becker said. "Then I served two  
double faults and all of a sudden it  
all turned around."

In what seemed like an instant,  
Gilbert became the aggressor, hit-  
ting winners; Becker was a teen-  
ager who looked out of place in the  
fourth round of the U.S. Open. By  
the time it was over, Gilbert had  
ended Becker's grand slam season  
with a shocking 2-6, 6-7 (7-6), 7-6  
(7-4), 7-5, 6-1 victory.

Becker failed to reach the quar-  
terfinals in three of the four grand  
slams — the exception being the  
French Open, where he reached the  
semis on clay, his weakest surface.

"It was just a very difficult year  
for me," Becker said. "After Gsta-  
der [Becker] left me," following the  
Australian Open in January, "peo-  
ple kept waiting for things to go  
wrong because I did not have him  
poaching me anymore. I guess  
the pressure just got to me."

Monday night, Gilbert got to  
him. Backing up to 3-2, Gilbert  
was a different player. "The  
one break really got me back in it,"  
he said. "Once I won the third-set  
tie breaker, I really felt like I was  
on a roll. Then the fans got behind me  
and that really pumped me up."

The fans had come pouring into  
the grandstand once McEnroe fin-  
ished off his 6-4, 7-6 (7-2) 6-3 vic-  
tory over Andre Agassi. Two days  
after an outburst that cost him  
\$17,500 and a two-month suspen-  
sion, his behavior was impeccable  
and his tennis almost as good.

Throughout the tournament,  
Connors has struggled with a foot  
injury. He has what amounts to a  
blister on the ball of his right foot.  
"For five days it didn't bother  
me at all," he said, but on Monday

The other women's quarterfinals  
are to pit third-seeded Chris Evert  
against No. 11 Lori McNeil, a 7-6  
(7-0), 3-6, 7-6 (8-6) winner, over  
No. 7 Zina Garrison on Monday;  
top-seeded Steffi Graf against  
No. 5 Pam Shriver, and second-  
seeded Martina Navratilova  
against No. 8 Gabriela Sabatini.

Monday was the day the wom-  
en's tournament turned serious.  
Kohde-Kilsch and line calls  
combined to upset Hana Mandli-  
kova.

Evert, the six-time champion, la-

bored just short of two hours be-  
fore turning back Mammela Ma-  
leeva, 7-5, 6-4.

Even Graf struggled a bit before  
beating West German compatriot  
Sylvia Hanika.

But Garrison departed the open  
in tears.

She lost to McNeil, her best  
friend, after a McNeil forehand  
cracked the tape and just crawled  
over the net when Garrison had  
match point.

"Whenever I watch her matches,

I can't believe the lucky shots she  
gets," Garrison said.

"After that point, I couldn't see  
anything. Just that shot. I couldn't  
even see myself winning. I just  
couldn't believe it."

The shot came with Garrison  
serving for the match at 6-5 in the  
final set. The set had been full of  
service breaks, and Garrison went  
up by 4-1 when McNeil double-  
faulted on break point. Then she  
double-faulted to allow McNeil to  
break to 4-2. After McNeil held,

Garrison was broken again on an-  
other double fault.

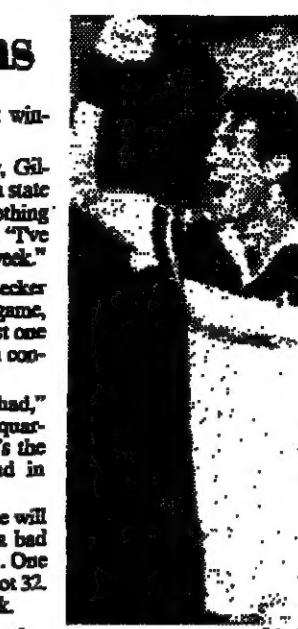
In between there were wonderful  
points, both players chasing down  
balls and attacking at every oppor-  
tunity. It was only the second tour-  
nament meeting between the two,  
who grew up together in Houston,  
practice and travel together and are  
doubles partners.

It also was the first meeting be-  
tween two black seeded players in  
U.S. open history.

From 4-all, Garrison reached 6-  
5, 40-15 after breaking on yet an-  
other double fault. On the first  
match point McNeil attacked, hit-  
ting a gorgeous backhand winner.  
Then came match point two — the  
netcord. "It hit the net and could  
have gone either way," McNeil  
said. "I thought it was over." In-  
stead, it was deuce. McNeil ran out  
the game and quickly jumped up, 5-  
1, in the tie breaker. Up by 6-4,  
McNeil pushed a forehand volley  
long and double-faulted again. It  
was 6-6.

McNeil steadied one more time,  
again taking the net. Garrison,  
chasing a forehand volley, netted a  
backhand. Match point three.  
McNeil. She came in, punched a  
volley and, when Garrison's return  
hit the net tape and didn't crawl  
over, it was over.

The handshake was brief, both  
women a little shaken. "I'd like to  
be excited about being in the quarter-  
finals," McNeil said. "But it's hard."  
For Garrison it was harder. "I didn't  
get to play the French or Wimb-  
ledon (because of an injury) and now  
this. It will take me a long time to  
forget this." (WP, AP)



Brad Gilbert: Pumped up.

# Charitable Brewers Help Blue Jays Maintain Lead

Compiled by Our Staff From Dispatches

MILWAUKEE — The streaking  
Toronto Blue Jays maintained their  
lead in the American League East,  
thanks to the generosity of the Mil-  
waukee Brewers.

The problem was defense, simple  
enough on offense and our  
main guy didn't have it," said Tom

shot as Kansas City downed Cal-  
ifornia.

Yankees 9, Red Sox 5: In Bos-  
ton, Willie Randolph ignited a 17-  
hit attack with a two-run homer in  
the first, and Dave Winfield went  
4-for-5 to pace New York.

Astros 2, Braves 1: In Oak-  
land, Alfredo Griffin's two-out sin-  
gle in the ninth scored Tony Phillips  
from second, helping Dave Stewart  
improve to 19-9. Stewart, the top  
winner in the majors, went the dis-  
tance for the sixth time this year.

Astros 4, Giants 2: In the Na-  
tional League, in Houston, Mike Scott  
retired the final 26 batters he faced  
and Glenn Davis broke a seventh-  
inning tie with a home run to reduce  
San Francisco's Western Division  
lead over the Astros to 4½ games.

Pirates 3, Cubs 2: In Chicago,  
Bobby Bonilla's two-out, two-run  
double in the eighth to put Pitts-  
burgh past the Cubs. In the Chi-  
cago eighth, reliever Jeff Robinson  
struck out Leon Durham, Andre  
Dawson and Rafael Palmeiro on  
nine straight pitches, all swinging  
strikes. Robinson became the 11th  
National League pitcher to accom-  
plish the feat, the first since Bruce  
Sutcliffe of the Cubs on Sept. 8, 1977.

Phillies 5, Mets 3: In New York,  
Juan Samuel's two-run single  
snapped a seventh-inning tie as  
Philadelphia beat the Mets and  
Dwight Gooden.

Reds 3, Dodgers 2: In Cinci-  
nati, Buddy Bell homered on Brian  
Holton's first pitch of the 13th in-  
ning, handing Los Angeles its 10th  
loss in 11 games. (AP, UP)

Lucchesi Replaces Michael  
Coach Frank Lucchesi on Tues-  
day was named manager of the  
Cubs for the remainder of the sea-  
son, replacing Gene Michael, who  
resigned late Monday, United  
Press International reported from  
Chicago. Lucchesi, 39, managed  
Philadelphia from 1970-72 and  
Texas from 1975-77.

The Cubs are 68-68 and in fifth  
place in the National League East.  
Michael, hired in June 1986 to  
replace Jim Frey, said he made his  
decision to resign last week. He had  
been a New York Yankee coach  
from 1984-86 and had served two  
stints as Yankee manager.

Toronto outfielder George Bell  
was hit in the face by a first-inning  
pitch from Bill Wengert. Bell, who  
with 43 home runs is tied for the  
major-league lead, left the game  
with a non-displaced fracture of the  
tip of his nose; the bone was  
cracked, but was not moved out of  
shape.

Figures 12, Orioles 4: In Bal-  
timore, Alan Trammell, who also had  
two singles, hit a three-run homer  
that keyed a five-run first that start-  
ed Detroit's rout of the Orioles.

Royals 5, Angels 2: In Anaheim,  
California, Frank White hit a  
three-run home run and Danny  
Taraborelli added a bases-empty

# SCOREBOARD

## Baseball

### Monday's Line Scores

# Monday's Line Scores

AMERICAN LEAGUE					NATIONAL LEAGUE				
W	L	PCT	GB	CL	W	L	PCT	GB	CL
Seattle	3	1	1	0	San Francisco	3	1	1	0
Cleveland	3	1	1	0	Los Angeles	3	1	1	0
Los Angeles	3	1	1	0	San Diego	3	1	1	0
San Francisco	3	1	1	0	Philadelphia	3	1	1	0
Chicago	3	1	1	0	St. Louis	3	1	1	0
Minnesota	3	1	1	0	Atlanta	3	1	1	0
Philadelphia	3	1	1	0	Washington	3	1	1	0
San Diego	3	1	1	0	Montreal	3	1	1	0
California	3	1	1	0	Toronto	3	1	1	0
Atlanta	3	1	1	0	Detroit	3	1	1	0
St. Louis	3	1	1	0	Baltimore	3	1	1	0
Washington	3	1	1	0	New York	3	1	1	0
Montreal	3	1	1	0	Los Angeles	3	1	1	0
Toronto	3	1	1	0	San Francisco	3	1	1	0
Detroit	3	1	1	0	Chicago	3	1	1	0
Baltimore	3	1	1	0	Minnesota	3	1	1	0
New York	3	1	1	0	Philadelphia	3	1	1	0
Los Angeles	3	1	1	0	San Diego	3	1	1	0
San Francisco	3	1	1	0	California	3	1	1	0
Chicago	3	1	1	0	Atlanta	3	1	1	0
Minnesota	3	1	1	0	Washington	3	1	1	0
Philadelphia	3	1	1	0	Montreal	3	1	1	0
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Detroit	3	1	1	0	Philadelphia	3	1	1	0
Baltimore	3	1	1	0	San Diego	3	1	1	0
New York	3	1	1	0	California	3	1	1	0

**Monday's Line Scores**  
**AMERICAN LEAGUE**  
**NATIONAL LEAGUE**



